

**Annual Comprehensive
Financial Report**

of the

**Somerset Hills School District
County of Somerset
County of Somerset, New Jersey
For the Fiscal Year Ended June 30, 2022**

Prepared by

**The Somerset Hills Board of Education
Business Office**

TABLE OF CONTENTS

| INTRODUCTORY SECTION | PAGE |
|--|-------------|
| Letter of Transmittal | 1-6 |
| Roster of Officials | 7 |
| Consultants and Advisors | 8 |
| Organizational Chart | 9 |
| FINANCIAL SECTION | |
| Independent Auditor's Report | 10-13 |
| REQUIRED SUPPLEMENTARY INFORMATION - PART I | 14 |
| Management's Discussion and Analysis (Unaudited) | 15-24 |
| BASIC FINANCIAL STATEMENTS | 25 |
| A. District-Wide Financial Statements | 26 |
| A-1 Statement of Net Position | 27 |
| A-2 Statement of Activities | 28 |
| B. Major Fund Financial Statements | 29 |
| Governmental Funds: | |
| B-1 Balance Sheet | 30-31 |
| B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance | 32 |
| B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 33 |
| Other Funds: | 34 |
| Proprietary Funds: | |
| B-4 Statement of Net Position | 35 |
| B-5 Statement of Revenues, Expenses, and Changes in Net Position | 36 |
| B-6 Statement of Cash Flows | 37 |
| Notes to the Financial Statements | 38-85 |

TABLE OF CONTENTS (CONTINUED)

| | PAGE |
|---|-------------|
| REQUIRED SUPPLEMENTARY INFORMATION - PART II | 86 |
| | |
| C. Budgetary Comparison Schedules | 87 |
| C-1 General Fund | 88-96 |
| C-1A General Fund – Education Jobs | N/A |
| C-2 Special Revenue Fund | 97 |
| C-3 Budget to GAAP Reconciliation | 98 |
| | |
| REQUIRED SUPPLEMENTARY INFORMATION - Part III | 99 |
| | |
| L. Schedules Related to Accounting and Reporting for Pension (GASB 68) | 100 |
| L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System – Last Ten Years | 101 |
| L-2 Schedule of the District's Contributions – Public Employees Retirement System – Last Ten Years | 102 |
| L-3 Schedule of the District's Proportionate Share of the Net Pension Liability Teachers Pension and Annuity Fund – Last Ten Years | 103 |
| L-4 Notes to Required Supplementary Information Part III | 104 |
| | |
| REQUIRED SUPPLEMENTARY INFORMATION - Part IV | 105 |
| | |
| M. Schedules Related to Accounting and Reporting for Postemployment Other Than Pensions (GASB 75) | 106 |
| M-1 Schedule of Changes in the Total Open Liability and Related Ratios – Last Ten Years | 107 |
| M-2 Notes to Required Supplementary Information Part IV | 108 |
| | |
| OTHER SUPPLEMENTARY INFORMATION | 109 |
| | |
| D. School Level Schedules | N/A |
| | |
| E. Special Revenue Fund | 110 |
| E-1 Combining Schedule of Revenues and Expenditures – Budgetary Basis | 111-115 |
| E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis | N/A |

TABLE OF CONTENTS (CONTINUED)

| | PAGE |
|--|------|
| F. Capital Projects Fund | 116 |
| F-1 Summary Schedule of Project Expenditures | 117 |
| F-2 Summary Schedule of Project Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis | 118 |
| F-2a Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Improvements to Bernards High School Student Access and Entrance Field | 119 |
| F-2b Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Improvements to Bernards High School Auditorium | 120 |
| F-2c Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Improvements to Bernardsville Middle School Walkway And Teacher’s Parking Lot | 121 |
| F-2d Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Bernards High School Library/Media Center | 122 |
| F-2e Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Improvements to Bernards High School S/E Wing | 123 |
| F-2f Schedule of Project Revenues, Expenditures, Project Balance, and Project Status – Improvements to Bernards High School Parking, Ramp and ADA Bleachers | 124 |
| G. Proprietary Funds | N/A |
| H. Fiduciary Fund | N/A |
| I. Long-Term Obligations | 125 |
| I-1 Schedule of Serial Bonds | 126 |
| I-2 Schedule of Obligations Under Leases | 127 |
| I-3 Budgetary Comparison Schedule - Debt Service Fund | 128 |
| I-4 Schedule of Obligations Under Installment Purchase Contracts | 129 |

TABLE OF CONTENTS (CONTINUED)

PAGE

STATISTICAL SECTION (UNAUDITED)

Financial Trends

| | | |
|-----|---|---------|
| J-1 | Net Position by Component | 130 |
| J-2 | Changes in Net Position | 131-132 |
| J-3 | Fund Balances – Governmental Funds | 133 |
| J-4 | Changes in Fund Balances – Governmental Funds | 134 |
| J-5 | General Fund Other Local Revenue by Source | 135 |

Revenue Capacity

| | | |
|-----|---|---------|
| J-6 | Assessed Value and Actual Value of Taxable Property | 136-138 |
| J-7 | Direct and Overlapping Property Tax Rates | 139-141 |
| J-8 | Principal Property Taxpayers | 142-144 |
| J-9 | Property Tax Levies and Collections | 145-147 |

Debt Capacity

| | | |
|------|---|-----|
| J-10 | Ratios of Outstanding Debt by Type | 148 |
| J-11 | Ratios of Net Bonded Debt Outstanding | 149 |
| J-12 | Direct and Overlapping Governmental Activities Debt | 150 |
| J-13 | Legal Debt Margin Information | 151 |

Demographic and Economic Information

| | | |
|------|-------------------------------------|-----|
| J-14 | Demographic and Economic Statistics | 152 |
| J-15 | Principal Employers | 153 |

Operating Information

| | | |
|------|---|-----|
| J-16 | Full-Time Equivalent District Employees by Function/Program | 154 |
| J-17 | Operating Statistics | 155 |
| J-18 | School Building Information | 156 |
| J-19 | Schedule of Required Maintenance | 157 |
| J-20 | Insurance Schedule | 158 |

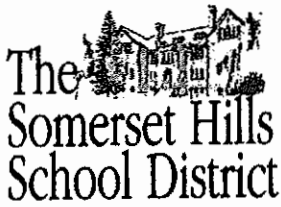
TABLE OF CONTENTS (CONTINUED)

PAGE

SINGLE AUDIT SECTION

| | | |
|-----|--|---------|
| K-1 | Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards | 159-160 |
| K-2 | Independent Auditor's Report on Compliance for Each Major Federal and State Financial Assistance Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular 15-08 | 161-163 |
| K-3 | Schedule of Expenditures of Federal Awards, Schedule A | 164 |
| K-4 | Schedule of Expenditures of State Financial Assistance, Schedule B | 165 |
| K-5 | Notes to the Schedules of Federal Awards and State Financial Assistance | 166-167 |
| K-6 | Schedule of Findings and Questioned Costs | 168-170 |
| K-7 | Schedule of Prior Audit Findings | 171 |

INTRODUCTORY SECTION



Gretchen Dempsey, Ed.D.
Superintendent of Schools
908-630-3011
gdempsey@shsd.org

Coleen Gallagher Butler, Ed.D.
Assistant Superintendent
908-630-3014
cbutler@shsd.org

Jinnee DeMarco
*Business Administrator/
Board Secretary*
908-630-3018
jdemarco@shsd.org

February 10, 2023

Honorable President and
Members of the Board of Education
Somerset Hills School District
25 Olcott Avenue
Bernardsville, New Jersey 07924

Dear Board Members:

The annual comprehensive financial report of the Somerset Hills Board of Education for the fiscal year ended June 30, 2022 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Somerset Hills Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the management discussion and analysis, the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Federal Budget Circular (Uniform Guidance), and New Jersey OMB's Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Somerset Hills School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds of the District are included in this report. The Somerset Hills Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include programs for regular, vocational and special education for handicapped students. The District completed the 2021-2022 fiscal year with an enrollment of 1711 students, which is 117 students less than the previous year's enrollment. The following table details the changes in student enrollment over the last ten years:

| Fiscal Years | Student Enrollment | Percentage Change |
|--------------|--------------------|-------------------|
| 2021-2022 | 1711 | -6.40% |
| 2020-2021 | 1828 | -4.29% |
| 2019-2020 | 1910 | -.98% |
| 2018-2019 | 1929 | -1.88% |
| 2017-2018 | 1966 | -1.50% |
| 2016-2017 | 1996 | -2.06% |
| 2015-2016 | 2038 | -1.74% |
| 2014-2015 | 2074 | 1.07% |
| 2013-2014 | 2052 | 0.39% |
| 2012-2013 | 2044 | -0.39% |

2. ECONOMIC CONDITION AND OUTLOOK:

The Boroughs of Bernardsville, Far Hills and Peapack-Gladstone, the municipalities that comprise the Somerset Hills School District, are experiencing minimal residential development which has contributed to a reduction in enrollment over the past several years.

3. MAJOR INITIATIVES:

The Somerset Hills School District has a tradition of academic excellence. Student achievement continually exceeds state and national averages on assessments. We maintain alignment with the New Jersey Student Learning Standards. Curriculum articulation, the implementation of new courses, and improvements occurred in many content areas. The district routinely engages the community in a strategic development planning process, establishing goals that consequently aligned curriculum efforts, budgeting, and hiring. The current strategic plan was developed during the 21-22 school year. It is posted on the district's website and will be used to inform initiatives and administrative goals moving forward.

3. MAJOR INITIATIVES (CONTINUED):

Bernards High School seniors scored far above the New Jersey and National Scholastic-Aptitude Test (SAT) scores in 2021-2022.

| SAT Test – Verbal/Reading | | SAT Test - Math | |
|---------------------------|-----|-----------------|-----|
| BHS | 599 | BHS | 592 |
| NJ | 543 | NJ | 537 |
| National | 529 | National | 521 |

ACT scores also outperformed state and national averages in 2021-2022.

| English | | Math | | Reading | | Science | |
|---------|------|-------|------|---------|------|---------|------|
| BHS | 27.1 | BHS | 25.2 | BHS | 27.5 | BHS | 25.3 |
| NJ | 24.3 | NJ | 24.0 | NJ | 24.6 | NJ | 23.6 |
| Nat'l | 20.1 | Nat'l | 20.4 | Nat'l | 21.2 | Nat'l | 20.6 |

Eight students in the class of 2022 were named National Merit Commended students, with 1 student named a Winner. The class of 2022 also had 26 students named as AP Scholars, 21 qualified for the AP Scholar with Honors Award, 31 students qualified for the AP Scholar with Distinction Award, and 1 student qualified for the AP International Diploma.

Reaching these goals indicates that the District is successfully identifying motivated, academically-prepared students who are ready for the opportunity of AP. Since 2012, BHS has increased the number of students participating in AP while improving the number of students earning AP Exam scores of 3 or higher. The district was named to the AP District Honor Roll in 2016 and 2020 and received the College Board's *AP Computer Science Female Diversity Award* in 2018, recognizing female student representation in AP Computer Science Principles at BHS as being in the top 4% of schools administering AP tests. In January of 2023 Bernards High School again received this award for expanding young women's access to AP Computer Science A (CSA). Bernards High School is continuously ranked among the top high schools in the nation.

Bernardsville Middle School has committed to engaging students and staff in developing a highly-positive climate, spending several years engaged in *School Culture and Climate Initiative* work, in partnership with St. Elizabeth University. The school has a robust Student Council and is proud of its commitment to student voice and agency. In addition, BMS is the only middle school in the state to enter an Earth Science team in the NJ Science League—a state-wide, high school competition. The team consistently finishes in the top 3 in the state and consistently boasts of top-ranked individual scores.

The district supports teachers through an in-district Professional Development Institute, four full-day professional development days, six partial professional development days, and regularly

3. MAJOR INITIATIVES (CONTINUED):

scheduled horizontal and vertical articulation sessions. The format includes discussions, workshops and collaborative learning. Articulation sessions cover topics ranging from addressing unique student needs, content knowledge, pedagogy, and technology applications. The New Teacher Institute and Mentoring program orients new teachers to district goals and further supports their professional development. The district stays connected to universities through a partnership with *Teachers College Reading & Writing Workshop* (TCRWP) through Columbia University. The district's elementary and middle schools are both Project Schools with TCRWP, and staff developers work directly with teachers in their classrooms to ensure targeted workshop experiences for students. Many teachers also attend workshops at Teachers College throughout the year.

To address the whole child, our schools provide a wide variety of co-curricular and athletic activities at every level. Music, art, theater, sports, computer science, science and math teams are among some of the programs that have garnered awards. K-12 students contribute to the greater community through various service learning initiatives.

The Somerset Hills School District remains focused on meeting the needs of all students through the delivery of a world-class educational program that reflects a "whole-child" commitment to the development of each student. Many wellness programs and courses support this commitment.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipalities. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2022.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1

7. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT:

The Board carries various forms of insurance that include but are not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. OTHER INFORMATION:

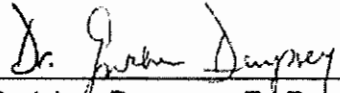
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney & Company was selected as the Board's audit firm. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular (Uniform Guidance) and New Jersey OMB's Circular Letter 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of

this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

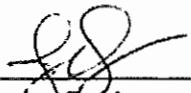
ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Somerset Hills Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the significant assistance of our Business Office staff.

Respectfully submitted by,



Gretchen Dempsey, Ed.D
Superintendent



Jinnee DeMarco
Business Administrator/Board Secretary

**BOARD OF EDUCATION
OF THE
SOMERSET HILLS SCHOOL DISTRICT**

**ROSTER OF OFFICIALS
JUNE 30, 2022**

MEMBERS OF THE BOARD OF EDUCATION TERM EXPIRES

BERNARDSVILLE

ROBERT BAKER 2022

HOLLY CLARK-EMERY 2022

SAMANTHA FRENDA, VICE PRESIDENT 2023

PATRICIA WRY 2022

KATHLEEN TOBER 2023

KRISTEN DEGRANDPRE 2024

PEAPACK/GLADSTONE

NICOLE COOPER 2024

HEATHER SANTORO, PRESIDENT 2023

FAR HILLS

IAN JOYCE 2024

BEDMINSTER

SARAH NATHANS 2022

OTHER OFFICIALS

GRETCHEN DEMPSEY SUPERINTENDENT

**JINNEE DEMARCO BUSINESS ADMINISTRATOR/
BOARD SECRETARY**

JUDY FAVINO TREASURER

DERLYS M. GUTIERREZ, ESQ. ATTORNEY

**BOARD OF EDUCATION
OF THE
SOMERSET HILLS SCHOOL DISTRICT**

CONSULTANTS AND ADVISORS

**Parette Somjen Architects, LLC
439 US Highway 46 E, Suite 4
Rockaway, New Jersey 07866**

Auditor

**Suplee, Clooney and Company
308 East Broad Street
Westfield, New Jersey 07090-2122**

Board Attorney

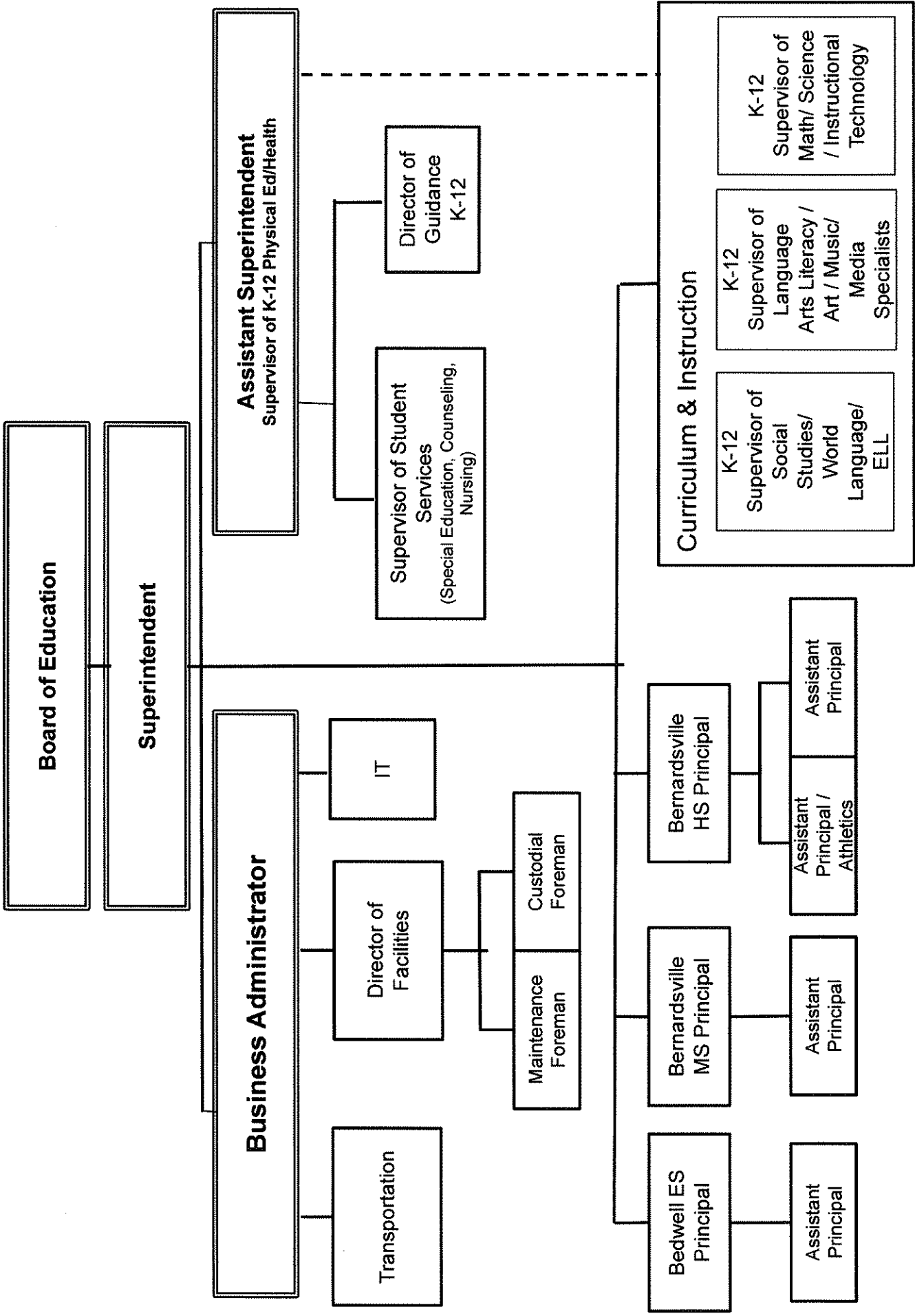
**Derlys M. Gutierrez, Esquire
Adams, Gutierrez & Lattiboudere, LLC
1037 Raymond Blvd Suite 900
Newark, New Jersey 07102**

Bond Counsel

**Wilentz Goldman & Spitzer
90 Woodbridge Center Drive
Suite 900, Box 10
Woodbridge, New Jersey 07095-0958**

Official Depository

**Peapack/Gladstone Bank
158 Rt. 206 North
PO Box 178
Gladstone, NJ 079**



FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Somerset Hills School District
County of Somerset
Bernardsville, New Jersey 07924

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Somerset Hills School District, in the County of Somerset, State of New Jersey (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance") the audit requirements of State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards and provisions are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, for the year ended June 30, 2022, the District adopted Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, the Uniform Guidance, the State of New Jersey OMB Circular 15-08 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards the Uniform Guidance, the State of New Jersey OMB Circular 15-08 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

SUPLEE, CLOONEY & COMPANY

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibits M-1 and M-2 are presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and data such as the combining statements and individual fund financial statements, and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

SUPLEE, CLOONEY & COMPANY

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 10, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

February 10, 2023

REQUIRED SUPPLEMENTARY INFORMATION – Part I

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

The discussion and analysis of The Somerset Hills School District's (SHSD) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34. – Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments. Certain comparative information between the current fiscal year and the prior fiscal year is presented in the MD&A. In fiscal year 2022, the District implemented GASB Statement No. 87 *Leases*

Financial Highlights

Key financial highlights for FY2022 are as follows:

- Total net position increased by \$5,286,443.61, which represents a 53.9 percent increase from FY2021.
- General revenues accounted for \$36,954,720.35 or 67.7 percent of all revenues. Program specific revenues in the form of charges for services, operating and capital grants and contributions accounted for \$17,624,849.22 or 32.3 percent of total revenues of \$54,579,569.57.
- The School District had \$49,293,125.96 in expenses; only \$17,624,849.22 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily local property tax levy) of \$36,954,720.35 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$50,267,231.33 in revenues and \$48,484,510.46 in expenditures. After considering the other financial sources of \$118,950.59, the General Fund's fund balance increased by \$1,901,671.46 compared to FY2021.

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand SHSD as a financial whole and as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements reflect how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of SHSD, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during FY2022?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting reflects all of the current year's revenues and expenses regardless of when cash is received or paid.

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED (CONTINUED)

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School is divided into two distinct kinds of activities:

- Government activities – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activity – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise funds are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund Financial reports provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED (CONTINUED)

Table 1 provides a summary of the School District's net position for FY2022 with comparative data for FY2021.

| | FY 2022 | FY 2021 |
|---|------------------------|------------------------|
| Assets | | (As Restated) |
| Current and Other Assets | \$11,968,204.18 | \$ 9,922,123.86 |
| Capital Assets | <u>57,366,223.59</u> | <u>58,896,321.70</u> |
| Total Assets | <u>69,334,427.77</u> | <u>68,818,445.56</u> |
| Deferred Outflow of Resources | | |
| Pension Related | <u>2,051,213.00</u> | <u>2,619,654.00</u> |
| Liabilities | | |
| Long-Term Liabilities | 26,015,058.02 | 32,241,554.75 |
| Other Liabilities | <u>1,139,628.48</u> | <u>1,070,961.33</u> |
| Total Liabilities | <u>27,154,686.50</u> | <u>33,312,516.08</u> |
| Deferred Inflow of Resources | | |
| Gain on Refunding of Long-Term Debt | 1,317,946.23 | 829,213.05 |
| Pension Related | <u>4,055,370.00</u> | <u>3,725,176.00</u> |
| Total Deferred Inflow of Resources | <u>5,373,316.23</u> | <u>4,554,389.05</u> |
| Net Position | | |
| Net Investment in Capital Assets | 40,510,021.00 | 37,970,836.85 |
| Restricted | 6,573,886.32 | 3,386,537.23 |
| Unrestricted (deficit) | <u>(8,226,269.28)</u> | <u>(7,786,179.65)</u> |
| Total Net Position | <u>\$38,857,638.04</u> | <u>\$33,571,194.43</u> |

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED (CONTINUED)

The District's combined net position was \$38,857,638.04 on June 30, 2022. The District's investment in capital assets is shown net of any related debt used to acquire those assets.

Table 2 shows changes in net position for fiscal year 2022 with comparative data for fiscal year 2021.

Table 2

Changes in Net Position

| | <u>FY 2022</u> | <u>FY 2021</u> |
|---|-----------------------|-----------------------|
| Revenues | | |
| Program Revenues: | | |
| Charges for Services | \$5,103,503.08 | \$4,617,782.44 |
| Operating Grants and Contributions | 12,521,346.14 | 15,589,684.23 |
| General Revenues: | | |
| Property Taxes | 36,402,138.96 | 35,620,387.04 |
| Grants and Entitlements | 296,337.00 | 294,808.00 |
| Other | 256,244.39 | 81,516.38 |
| Total Revenues | <u>54,579,569.57</u> | <u>56,204,178.09</u> |
| Program Expenses | | |
| Instruction | 26,172,253.52 | 28,947,427.06 |
| Support Services: | | |
| Tuition | 2,198,710.90 | 1,856,287.36 |
| Pupils and Instructional Staff | 7,661,412.86 | 8,402,156.04 |
| General and School Administration | 4,098,157.76 | 4,460,519.05 |
| Plant Operations and Maintenance | 3,554,975.44 | 3,659,823.50 |
| Pupil Transportation | 2,856,243.33 | 2,191,747.99 |
| Transfer to Charter Schools | 0.00 | 13,403.00 |
| Business Type Activities | 707,677.70 | 340,403.86 |
| Interest on Long Term Debt | (56,182.55) | 856,053.43 |
| Unallocated Depreciation and Amortization | 2,099,877.00 | 2,042,121.51 |
| Total Expenses | <u>49,293,125.96</u> | <u>52,769,942.80</u> |
| Change in Net Position | <u>\$5,286,443.61</u> | <u>\$3,434,235.29</u> |

Both revenues and expenses decreased mainly as a result of the district recognizing a lesser on-behalf TPAF contribution as a revenue and as an expense based upon the State's Actuarial report.

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED (CONTINUED)

Governmental Activities

Local property taxes made up 67.9 percent of revenues for governmental activities for the District for FY 2022. There was a \$781,751.92 increase in property taxes or 2.20 percent from the prior year. The District's total revenues for governmental activities were \$53,757,940.22 for the fiscal year ended June 30, 2022.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Overall, business-type revenues exceeded expenditures by \$113,951.65
- Charges for services represented \$122,122.16 of revenue. This represents amounts paid by individuals for various program services.
- Federal and state aid subsidies reimbursement for meals, including payments for free and reduced lunches and donated commodities was \$693,623.96.

Governmental Activities

The Statement of Activities shows the cost of program services and the changes for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

| | Total Cost of Services FY 2022 | Total Cost of Services FY 2021 | Net Cost of Services FY 2022 | Net Cost of Services FY 2021 |
|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|---------------------------------|
| Instruction | \$ 26,172,253.52 | \$ 28,947,427.06 | \$ 13,406,539.43 | \$ 13,791,554.83 |
| Support Services: | | | | |
| Tuition | 2,198,710.90 | 1,856,287.36 | 2,198,710.90 | 1,856,287.36 |
| Pupils and Instructional Staff | 7,661,412.86 | 8,402,156.04 | 5,542,809.51 | 5,601,807.88 |
| General and School Administration | 4,098,157.76 | 4,460,519.05 | 3,441,564.92 | 3,517,092.63 |
| Plant Operation and Maintenance | 3,554,975.44 | 3,659,823.50 | 3,003,447.41 | 3,458,976.71 |
| Pupil Transportation | 2,856,243.33 | 2,191,747.99 | 2,139,578.54 | 1,472,891.91 |
| Transfer to Charter Schools | - | 13,403.00 | - | 13,403.00 |
| Business Type Activities | 707,677.70 | 340,403.86 | (108,068.42) | (47,713.13) |
| Interest and Fiscal Charges | (56,182.55) | 856,053.43 | (56,182.55) | 856,053.43 |
| Unallocated | 2,099,877.00 | 2,042,121.51 | 2,099,877.00 | 2,042,121.51 |
| Total Expenses | \$ 49,293,125.96 | \$ 52,769,942.80 | \$ 31,668,276.74 | \$ 32,562,476.13 |

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED (CONTINUED)

Governmental Activities (Continued)

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities include expenses associated with the upkeep of the physical plant, utilities, and property/liability insurance coverage.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$55,302,289.22 and expenditures were \$53,631,945.99.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2022, and the amount and percentage of increase and decrease in relation to prior year revenues, excluding the capital projects fund activity.

| <u>Revenue</u> | <u>Amount</u> | <u>Percent of Total</u> | <u>Inc/(Dec) FY 2021</u> | <u>Percent Inc/(Dec)</u> |
|-----------------|-------------------------|-----------------------------|------------------------------|------------------------------|
| Local Sources | \$ 42,163,383.37 | 76.24% | \$ 1,564,513.35 | 3.85% |
| State Sources | 12,166,302.03 | 22.00% | 2,522,927.48 | 26.16% |
| Federal Sources | <u>972,603.82</u> | <u>1.76%</u> | <u>189,896.20</u> | <u>24.26%</u> |
| Total | <u>\$ 55,302,289.22</u> | <u>100.00%</u> | <u>\$ 4,277,337.03</u> | <u>8.38%</u> |

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED (CONTINUED)

The School District's Funds (Continued)

The following schedule represents a summary of general fund, special revenue fund, capital projects and debt service fund expenditures for the fiscal year ended June 30, 2022, and the percentage of increases and decreases in relation to prior year amounts.

| Expenditures | Amount | Percent of Total | Inc/(Dec) FY 2021 | Percent Inc/(Dec) |
|------------------|-------------------------|---------------------|------------------------|----------------------|
| Current: | | | | |
| Instruction | \$ 16,880,855.06 | 31.48% | \$ 302,991.22 | 1.83% |
| Support Services | 32,608,944.04 | 60.80% | 3,980,112.67 | 13.90% |
| Capital Outlay | 761,180.89 | 1.42% | 335,017.26 | 78.61% |
| Debt Service | <u>3,380,966.00</u> | <u>6.30%</u> | <u>1,625.00</u> | <u>0.05%</u> |
| Total | <u>\$ 53,631,945.99</u> | <u>100.00%</u> | <u>\$ 4,619,746.15</u> | <u>8.61%</u> |

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law and is based on accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The 2021/2022 general fund tax levy of \$33,277,116.00 increased by 2.0% over the FY2021 tax levy of 32,624,624.00. The School District is no longer required to hold a public vote on the school budget, provided that the tax levy is within the 4% cap. District financial objectives to improve operational performance were met. State legislation mandates that the District operates with an unreserved fund balance equal to 4% of budgeted expenditures. This required the District to designate \$1,969,762 in fund balance for tax levy reduction.

During the year the District appropriately transferred funds to prevent over expenditures in specific line items. The transfers were primarily attributable to a reclassification of certain salary expenditure lines. Transfers were also required for unanticipated maintenance and building repairs. Energy expenses were less than budget due to energy savings initiatives and depressed energy costs. Transportation costs were greater than the budget due to increased rates from our service provider.

The State's contribution to the TPAF pension fund is neither a revenue item nor an expenditure item to the District but is required to be reflected in the financial statements.

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED (CONTINUED)

Capital Assets

At the end of the 2022 fiscal year, the School District had \$57,366,223.59 invested in land, building, machinery, and equipment. Table 4 shows FY2022 balances compared to FY2021.

Table 4
Capital Assets (Net of Depreciation) at June 30,

| | <u>FY 2022</u> | <u>FY 2021</u> |
|------------------------------------|-------------------------|-------------------------|
| Land | \$ 1,980,000.00 | \$ 1,980,000.00 |
| Construction in Progress | 118,950.59 | - |
| Site Improvements | 2,257,851.00 | 2,419,049.00 |
| Building and Building Improvements | 52,075,485.00 | 53,602,709.00 |
| Machinery and Equipment | 933,937.00 | 894,563.70 |
| Total | <u>\$ 57,366,223.59</u> | <u>\$ 58,896,321.70</u> |

Overall capital assets decreased \$1,530,098.11 from fiscal year 2021 to fiscal year 2022.

Debt Administration

At June 30, 2022, the School District had \$26,015,058.02 of long-term liabilities. Of this amount, \$2,521,206.19 is for compensated absences, \$1,137,131.83 is for installment purchase contracts, \$6,412,720.00 is pension related and 15,944,000.00 is for serial bonds issued for school construction. Table 5 shows serial bonds outstanding for fiscal year 2022 compared to fiscal year 2021.

Table 5
Serial Bonds Outstanding at June 30,

| <u>Series</u> | <u>FY 2022</u> | <u>FY 2021</u> |
|---------------|------------------------|------------------------|
| 2012 | \$11,775,000.00 | 15,215,000.00 |
| 2016 | 4,169,000.00 | 4,564,000.00 |
| Total | <u>\$15,944,000.00</u> | <u>\$19,779,000.00</u> |

THE SOMERSET HILLS SCHOOL DISTRICT
BERNARDSVILLE, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED (CONTINUED)

For the Future

The Somerset Hills School District finalized a 3- to 5-year strategic plan in the spring of 2022, facilitated by *the New Jersey School Boards Association*. Stakeholder groups were engaged throughout this process through meetings with the Board of Education, staff, and community members. Details of the plan can be found on the district's homepage, and efforts are organized around facilities, social-emotional learning/culture and climate, diverse pathways to student success, and community engagement and partnerships. Budgetary decisions moving forward will be informed by the goals and objectives outlined in the plan.

The Somerset Hills School District prizes its educational programming and recognizes the challenges inherent in delivering premier student services within the limit of a 2% tax increase. The District continues to seek out opportunities to limit or reduce operational expenses.

District enrollment K-12 decreased by about 117 students in fiscal year 2021/2022 - a trend that is expected to continue. Construction of affordable housing within the district's boundary lines may have an impact on this prediction. The district will continue to engage in annual demographic studies to inform budgetary decisions surrounding enrollment.

Contacting the School District's Financial Management Office

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact Jinnee DeMarco, Business Administrator/Board Secretary, Somerset Hills School District, 25 Olcott Avenue, Bernardsville, NJ 07924. Please visit our website at www.shsd.org.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds.

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
|---|----------------------------|-----------------------------|-------------------------|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 3,964,944.96 | \$ 220,516.14 | \$ 4,185,461.10 |
| Internal balances | 56,760.14 | (56,760.14) | |
| Receivables, net | 1,543,760.80 | 38,343.52 | 1,582,104.32 |
| Inventory | | 20,665.24 | 20,665.24 |
| Restricted assets: | | | |
| Restricted cash and cash equivalents | 6,179,973.52 | | 6,179,973.52 |
| Capital assets, net | | | |
| Non-depreciable | 2,098,950.59 | | 2,098,950.59 |
| Depreciable - net | 55,263,954.00 | 3,319.00 | 55,267,273.00 |
| Total assets | <u>69,108,344.01</u> | <u>226,083.76</u> | <u>69,334,427.77</u> |
| DEFERRED OUTFLOW OF RESOURCES: | | | |
| Pension Related | <u>2,051,213.00</u> | | <u>2,051,213.00</u> |
| | 2,051,213.00 | | 2,051,213.00 |
| LIABILITIES: | | | |
| Accounts payable | 699,455.81 | | 699,455.81 |
| Payable to other governments | 23,655.00 | | 23,655.00 |
| Unearned revenue | 82,727.46 | 21,996.67 | 104,724.13 |
| Payroll Deductions and Withholdings Payable | 30,186.48 | | 30,186.48 |
| Unemployment Compensation Claims Payable | 50,184.06 | | 50,184.06 |
| Accrued interest payable | 231,423.00 | | 231,423.00 |
| Noncurrent liabilities: | | | |
| Due within one year | 2,808,130.31 | | 2,808,130.31 |
| Due beyond one year: | | | |
| Bonds Payable | 13,529,000.00 | | 13,529,000.00 |
| Compensated Absences Payable | 2,521,206.19 | | 2,521,206.19 |
| Installment Purchase Contracts Payable | 744,001.52 | | 744,001.52 |
| Net Pension Liability | 6,412,720.00 | | 6,412,720.00 |
| Total liabilities | <u>27,132,689.83</u> | <u>21,996.67</u> | <u>27,154,686.50</u> |
| DEFERRED INFLOW OF RESOURCES: | | | |
| Pension Related | 4,055,370.00 | | 4,055,370.00 |
| Gain on Refunding of Long-Term Debt | <u>1,317,946.23</u> | | <u>1,317,946.23</u> |
| Total Deferred Inflow of Resources | 5,373,316.23 | | 5,373,316.23 |
| NET POSITION: | | | |
| Net investment in capital assets | 40,506,702.00 | 3,319.00 | 40,510,021.00 |
| Restricted for: | | | |
| Capital projects | 5,232,713.35 | | 5,232,713.35 |
| Other purposes | 1,341,172.97 | | 1,341,172.97 |
| Unrestricted (deficit) | <u>(8,427,037.37)</u> | <u>200,768.09</u> | <u>(8,226,269.28)</u> |
| Total Net Position | <u>\$ 38,653,550.95</u> | <u>\$ 204,087.09</u> | <u>\$ 38,857,638.04</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| Functions/Programs | Expenses | Indirect Expense Allocation | Charges for Services | Programs Revenues Operating Grants and Contributions | Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position | | |
|--|-------------------------|-----------------------------|------------------------|--|----------------------------------|---|--------------------------|---------------------------|
| | | | | | | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | | |
| Instruction: | | | | | | | | |
| Regular | \$ 11,846,569.61 | \$ 6,915,882.42 | \$ 4,484,326.92 | \$ 3,997,687.00 | \$ | \$ (10,280,438.11) | \$ | \$ (10,280,438.11) |
| Special | 2,942,322.62 | 1,399,610.51 | 465,704.00 | 3,160,823.49 | | (715,405.64) | | (715,405.64) |
| Other instruction | 2,027,465.45 | 1,040,402.91 | | 657,172.68 | | (2,410,695.68) | | (2,410,695.68) |
| Support services: | 0.00 | | | | | | | |
| Tuition | 2,198,710.90 | 0.00 | | 0.00 | | (2,198,710.90) | | (2,198,710.90) |
| Student and instruction related services | 5,153,697.62 | 2,507,715.24 | | 2,118,603.35 | | (5,542,809.51) | | (5,542,809.51) |
| General administrative services | 835,126.74 | 23,267.98 | | 49,747.46 | | (808,647.26) | | (808,647.26) |
| School administrative services | 1,480,429.90 | 894,781.85 | | 510,527.46 | | (1,864,684.29) | | (1,864,684.29) |
| Central services and info technology | 805,206.33 | 59,344.96 | | 96,317.92 | | (768,233.37) | | (768,233.37) |
| Plant operations and maintenance | 3,374,378.33 | 180,596.11 | | 551,528.03 | | (3,003,447.41) | | (3,003,447.41) |
| Pupil transportation | 2,761,368.86 | 94,874.47 | 31,350.00 | 685,314.79 | | (2,139,578.54) | | (2,139,578.54) |
| Unallocated Benefits | 12,927,533.45 | (12,927,533.45) | | 0.00 | | 0.00 | | 0.00 |
| Interest on long-term debt | 874,410.97 | 0.00 | | 0.00 | | (874,410.97) | | (874,410.97) |
| Unallocated depreciation and amortization | 1,358,226.48 | (188,943.00) | | 0.00 | | (1,169,283.48) | | (1,169,283.48) |
| Total governmental activities | 48,585,448.26 | | 4,981,380.92 | 11,827,722.18 | | (31,776,345.16) | | (31,776,345.16) |
| Business-type activities | | | | | | | | |
| Food service | 707,677.70 | | 122,122.16 | 693,623.96 | | 108,068.42 | | 108,068.42 |
| Total business-type activities | 707,677.70 | | 122,122.16 | 693,623.96 | | 108,068.42 | | 108,068.42 |
| Total primary government | \$ 49,293,125.96 | | \$ 5,103,503.08 | 12,521,346.14 | | \$ (31,776,345.16) | | \$ (31,668,276.74) |
| General revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes, levied for general purposes, net | | | | | | \$ 33,277,116.00 | \$ | \$ 33,277,116.00 |
| Taxes levied for debt service | | | | | | 3,125,022.96 | | 3,125,022.96 |
| Federal and state aid not restricted | | | | | | 130,240.00 | | 130,240.00 |
| Federal and state aid restricted | | | | | | 166,097.00 | | 166,097.00 |
| Miscellaneous income | | | | | | 250,361.16 | | 256,244.39 |
| Total general revenues and transfers | | | | | | 36,948,837.12 | | 36,954,720.35 |
| Change in net position | | | | | | 5,172,491.96 | | 5,286,443.61 |
| Net position beginning As restated | | | | | | 33,481,058.99 | | 33,571,194.43 |
| Net position ending | | | | | | 38,653,550.95 | | 38,857,638.04 |

The accompanying Notes to the Financial Statements are an integral part of this statement

MAJOR FUND FINANCIAL STATEMENTS

The Individual Fund financial statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

SOMERSET HILLS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

| | <u>GENERAL</u> <u>FUND</u> | <u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u> | <u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u> | <u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u> |
|--|-------------------------------|---|--|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,593,753.71 | \$ | \$ 371,191.25 | 3,964,944.96 |
| Receivables from other governments: | | | | |
| Federal | 1,107.74 | 572,859.68 | | 573,967.42 |
| State | 948,169.38 | 0.00 | | 948,169.38 |
| Other | | 21,624.00 | | 21,624.00 |
| Due from other funds | 117,701.58 | | | 117,701.58 |
| Restricted cash and cash equivalents | <u>6,179,973.52</u> | <u>0.00</u> | | <u>6,179,973.52</u> |
| Total assets | <u>\$ 10,840,705.93</u> | <u>\$ 594,483.68</u> | <u>\$ 371,191.25</u> | <u>11,806,380.86</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 0.00 | \$ 20,545.81 | \$ | 20,545.81 |
| Payable to state government | | 23,655.00 | | 23,655.00 |
| Due to other funds | | 60,941.44 | | 60,941.44 |
| Payroll Deductions and Withholdings Payable | 30,186.48 | | | 30,186.48 |
| Unemployment Compensation Claims Payable | 50,184.06 | | | 50,184.06 |
| Unearned Revenue | <u>31,100.00</u> | <u>51,627.46</u> | | <u>82,727.46</u> |
| Total liabilities | <u>111,470.54</u> | <u>156,769.71</u> | <u>0.00</u> | <u>268,240.25</u> |
| Fund balances: | | | | |
| Restricted: | | | | |
| Capital reserve account | 5,086,451.34 | | | 5,086,451.34 |
| Maintenance reserve account | 903,459.00 | | | 903,459.00 |
| Unemployment Compensation | 99,621.30 | | | 99,621.30 |
| Scholarships | | 121,512.01 | | 121,512.01 |
| Student Activities | | 316,201.96 | | 316,201.96 |
| Excess surplus - designated for subsequent years expenditures | 1,491,410.51 | | | 1,491,410.51 |
| Capital projects fund | | | 371,191.25 | 371,191.25 |
| Assigned: | | | | |
| Designated for subsequent years expenditures | 584,260.49 | | | 584,260.49 |
| FFCRA/SEMI-Designated for subsequent year's expenditures | 764.51 | | | 764.51 |
| Encumbrances | 335,515.16 | | | 335,515.16 |
| Unassigned | <u>2,227,753.08</u> | | | <u>2,227,753.08</u> |
| Total fund balances | <u>10,729,235.39</u> | <u>437,713.97</u> | <u>371,191.25</u> | <u>11,538,140.61</u> |
| Total liabilities and fund balances | <u>\$ 10,840,705.93</u> | <u>\$ 594,483.68</u> | <u>\$ 371,191.25</u> | <u>11,806,380.86</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

SOMERSET HILLS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

| | | |
|--|------------------------|------------------------|
| Total Fund Balances (Brought Forward) | | \$11,538,140.61 |
| Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Cost of Assets | \$92,907,925.59 | |
| Accumulated Depreciation | <u>(35,545,021.00)</u> | 57,362,904.59 |
| Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds. | | |
| Net Pension Liability | (6,412,720.00) | |
| Compensated Absences | (2,521,206.19) | |
| Bonds Payable | (\$15,944,000.00) | |
| Gain (Loss) on Refunding Bonds | <u>(1,317,946.23)</u> | |
| Installment Purchase Contracts | <u>(1,137,131.83)</u> | (27,333,004.25) |
| Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds. | | |
| Pensions: | | |
| Deferred Outflows | | |
| Pension Related | | 2,051,213.00 |
| Deferred Inflows: | | |
| Pension Related | | (4,055,370.00) |
| Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds. | | |
| Accounts Payable - Pension Related | (678,910.00) | |
| Accrued Interest Payable | <u>(231,423.00)</u> | <u>(910,333.00)</u> |
| Net Position of Governmental Activities | | <u>\$38,653,550.95</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | GENERAL FUND | SPECIAL REVENUE FUND | CAPITAL PROJECTS FUND | DEBT SERVICE FUND | TOTAL GOVERNMENTAL FUNDS |
|--|-------------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax levy | \$ 33,277,116.00 | \$ | \$ | \$ 3,125,022.96 | \$ 36,402,138.96 |
| Tuition | 4,950,030.92 | | | | 4,950,030.92 |
| Transportation fees | 31,350.00 | | | | 31,350.00 |
| Miscellaneous | 250,361.16 | 529,502.33 | | | 779,863.49 |
| Total - local sources | <u>38,508,858.08</u> | <u>529,502.33</u> | | <u>3,125,022.96</u> | <u>42,163,383.37</u> |
| State sources | 11,745,189.99 | 255,015.04 | | 166,097.00 | 12,166,302.03 |
| Federal sources | 13,183.26 | 959,420.56 | | | 972,603.82 |
| Total revenues | <u>50,267,231.33</u> | <u>1,743,937.93</u> | | <u>3,291,119.96</u> | <u>55,302,289.22</u> |
| EXPENDITURES: | | | | | |
| Current expense: | | | | | |
| Regular instruction | 11,737,161.92 | 173,905.07 | | | 11,911,066.99 |
| Special instruction | 2,463,104.62 | 479,218.00 | | | 2,942,322.62 |
| Other instruction | 1,950,004.99 | 77,460.46 | | | 2,027,465.45 |
| Support services: | | | | | |
| Tuition | 2,198,710.90 | | | | 2,198,710.90 |
| Student and instruction related services | 4,411,686.32 | 742,011.30 | | | 5,153,697.62 |
| General administration | 705,800.04 | | 129,326.70 | | 835,126.74 |
| School administration | 1,480,429.90 | | | | 1,480,429.90 |
| Central services and technology | 805,206.33 | | | | 805,206.33 |
| Plant operations and maintenance | 3,625,101.45 | | | | 3,625,101.45 |
| Pupil transportation | 2,825,173.18 | | | | 2,825,173.18 |
| Unallocated Benefits | 15,685,497.92 | | | | 15,685,497.92 |
| Debt service: | | | | | |
| Principal | | | | 2,545,000.00 | 2,545,000.00 |
| Interest | 89,846.00 | | | 746,120.00 | 835,966.00 |
| Capital outlay | 506,786.89 | 254,394.00 | | | 761,180.89 |
| Total expenditures | <u>48,484,510.46</u> | <u>1,726,988.83</u> | <u>129,326.70</u> | <u>3,291,120.00</u> | <u>53,631,945.99</u> |
| Excess (deficiency) of revenues over (under) expenditures | 1,782,720.87 | 16,949.10 | (129,326.70) | (0.04) | 1,670,343.23 |
| Other financing sources (uses): | | | | | |
| Installment purchase contracts (non-budgeted) | 118,950.59 | | | | 118,950.59 |
| Refunding bond proceeds | | | 11,775,000.00 | | 11,775,000.00 |
| Payment to refunded bonds escrow agent | | | (13,065,000.00) | | (13,065,000.00) |
| Original issue premium | | | 1,419,326.70 | | 1,419,326.70 |
| Total other financing sources (uses) | <u>118,950.59</u> | | <u>129,326.70</u> | | <u>248,277.29</u> |
| Net change in fund balances | 1,901,671.46 | 16,949.10 | 0.00 | (0.04) | 1,918,620.52 |
| Fund balances, July 1, | <u>8,827,563.93</u> | <u>\$ 420,764.87</u> | <u>\$ 371,191.25</u> | <u>\$ 0.04</u> | <u>9,619,520.09</u> |
| Fund balances, June 30 | <u>\$ 10,729,235.39</u> | <u>\$ 437,713.97</u> | <u>\$ 371,191.25</u> | <u>\$ (0.00)</u> | <u>\$ 11,538,140.61</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

SOMERSET HILLS SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | | |
|---|---------------------|---------------------|
| Total net change in fund balances - governmental funds (from B-2) | \$ | 1,918,620.52 |
| Amounts reported for governmental activities in the statement of activities (A-2) are different because: | | |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period | | |
| Capital outlays | | 761,180.89 |
| Depreciation expense | | (2,288,820.00) |
| Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. | | |
| Payment of bond principal | | 15,610,000.00 |
| Payment of installment purchase contract principal | | 353,232.85 |
| Proceeds from debt issues are a financing source in governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position. | | |
| Amortization of Original Issue Premium on Refunding Bonds | | 1,619,078.13 |
| Deferred Amount on Refunding Bond Payments to Escrow Agent | | (688,484.61) |
| Installment Purchase Contract Proceeds | | (118,950.59) |
| Receipt of Original Issue Premium on Refunding Bonds | | (1,419,326.70) |
| Proceeds from long-term debt | | (11,775,000.00) |
| In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest decrease is an addition in the reconciliation. | | |
| | | (12,654.00) |
| District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities. | | |
| District pension contributions | \$633,946.00 | |
| Add: Pension Benefit | 528,217.00 | |
| | <u>1,162,163.00</u> | |
| In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). | | |
| | | <u>51,452.47</u> |
| Change in net position of governmental activities | \$ | <u>5,172,491.96</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

OTHER FUNDS

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

| | <u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u> |
|------------------------------------|--|
| ASSETS: | |
| Current assets: | |
| Cash and cash equivalents | \$ 220,516.14 |
| Accounts receivable: | |
| State | 862.58 |
| Federal | 37,480.94 |
| Inventories | <u>20,665.24</u> |
| Total current assets | <u>279,524.90</u> |
| Noncurrent assets: | |
| Furniture, machinery and equipment | 452,409.00 |
| Less accumulated depreciation | <u>(449,090.00)</u> |
| Total noncurrent assets | <u>3,319.00</u> |
| Total assets | <u>\$ 282,843.90</u> |
| LIABILITIES: | |
| Current liabilities: | |
| Interfund payable | \$ 56,760.14 |
| Unearned Revenue | <u>21,996.67</u> |
| Total current liabilities | <u>78,756.81</u> |
| Total liabilities | <u>78,756.81</u> |
| NET POSITION: | |
| Net investment in capital assets | 3,319.00 |
| Unrestricted | <u>200,768.09</u> |
| Total net position | <u>\$ 204,087.09</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u> |
|---|--|
| OPERATING REVENUES: | |
| Charges for services: | |
| Daily sales - non-reimbursable programs | 121,299.00 |
| Miscellaneous Income | 823.16 |
| | <hr/> |
| Total operating revenues | 122,122.16 |
| OPERATING EXPENSES: | |
| Cost of sales-reimbursable programs | 260,093.11 |
| Cost of sales-non-reimbursable programs | 5,048.00 |
| Salaries | 260,844.65 |
| Employee benefits | 64,328.12 |
| Other purchase property services (repairs) | 16,667.37 |
| Other purchase services | 26,541.74 |
| Utilities | 26,797.34 |
| Supplies and materials | 44,898.37 |
| Depreciation | 2,459.00 |
| | <hr/> |
| Total operating expenses | 707,677.70 |
| Operating (loss) | <u>(585,555.54)</u> |
| NON-OPERATING REVENUES (EXPENSES): | |
| State sources | |
| State school lunch program | 14,842.29 |
| Federal sources | |
| National school lunch program (cash assistance) | 632,505.30 |
| National school lunch program (non-cash assistance) | 45,648.37 |
| P-EBT Administrative Cost | 628.00 |
| Prior year refund | 5,781.96 |
| Interest earned | 101.27 |
| | <hr/> |
| Total non-operating revenues | 699,507.19 |
| Change in net position | 113,951.65 |
| Total net position - beginning | <hr/> 90,135.44 |
| Total net position - ending | \$ <u><u>204,087.09</u></u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

SOMERSET HILLS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u> |
|---|--|
| Cash flows from operating activities: | |
| Receipts from customers (net) | \$ 108,224.89 |
| Payments to vendors (net) | <u>(606,205.90)</u> |
| Net cash provided by (used for) operating activities) | <u>(497,981.01)</u> |
| Cash flows from noncapital financing activities: | |
| State sources | 17,847.40 |
| Federal sources | 635,585.74 |
| Prior year refunds | <u>5,781.96</u> |
| Net cash provided by noncapital financing activities: | <u>659,215.10</u> |
| Cash flows from investing activities: | |
| Interest earned | <u>101.27</u> |
| Net cash provided by investing activities | <u>101.27</u> |
| Net decrease in cash and cash equivalents | 161,335.36 |
| Cash and cash equivalents, July 1, 2021 | <u>59,180.78</u> |
| Cash and cash equivalents, June 30, 2022 | <u>\$ 220,516.14</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | |
| Operating (loss) | \$ (585,555.54) |
| Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities: | |
| Depreciation | 2,459.00 |
| Federal commodities (non-cash assistance) | 45,648.37 |
| Change in assets and liabilities: | |
| Increase (decrease) in Unearned Revenue | (17,967.16) |
| (Increase) decrease in inventories | 674.18 |
| Increase (decrease) in interfunds payable | <u>56,760.14</u> |
| | <u>87,574.53</u> |
| Net cash provided by (used for) operating activities | <u>\$ (497,981.01)</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Somerset Hills School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

Reporting Entity

The School District is a Type II District located in Somerset County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Somerset Hills School District is governed by a ten-member board, including nine individuals elected to three-year terms from the Boroughs of Bernardsville, Peapack & Gladstone and Far Hills, along with one appointed member from the Bedminster Board of Education. The Board is the primary governing authority of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discreetly presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school, one intermediate school and a high school. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting

The District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-Wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements are presented for each fund category-governmental, proprietary, and fiduciary. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE as the oversight entity believes that the presentation of all funds as major is important for the public interest and to promote consistency among District financial reporting models.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

General Fund The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. U.S. Generally Accepted Accounting Principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements if the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to the current expense by Board resolution; in certain instances, approval by the County Superintendent of Schools may also be required.

Special Revenue Fund The special revenue fund is used to account for the proceeds of specific revenue sources from State and Federal Government (other than those for major capital projects, debt service or proprietary funds) and local appropriations that are restricted or committed to expenditures for specified purposes.

Capital Projects Funds The capital projects fund is used to account for and report all financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition or construction of major capital facilities or other capital assets.

Debt Service Fund The debt service fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

Enterprise Fund The enterprise fund accounts for all revenues and expenses pertaining to the District's Food Service program operations. These funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (*i.e.* expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Basis of Accounting-Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements.

District-Wide, Proprietary, and Fiduciary Fund Financial Statements

The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation for expenses versus expenditures. Ad valorem (property) taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting-Measurement Focus (Continued)

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the issuance of long-term debt and acquisitions under leases and installment purchase contracts are reported as other financing sources.

All governmental and business type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Account Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the April school Board election to the date of the November general election thereby eliminating the vote in the annual base budget. Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. All budget amendments and transfers must be approved by School Board resolution. The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures. Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the legally mandated (NJSA 18A:22-44.2) revenue recognition of deferred State Aid payments for budgetary purposes only and the accounting treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognized encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial records.

Encumbrance Accounting

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year-end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures in the year of purchase.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|-------------------------------|--------------------------------------|
| School Buildings | 50 |
| Building Improvements | 20 |
| Electrical/Plumbing | 30 |
| Vehicles | 8 |
| Office and Computer Equipment | 5-10 |
| Instructional Equipment | 10 |
| Grounds Equipment | 15 |

Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and/or collective bargaining unit contracts. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after four years of service.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave and vacation days that are expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the district-wide statements, the current portion is the amount estimated to be used in the following year. For the governmental funds in the fund financial statements, a liability is reported only for to the extent of the amount due at year end as a result of employee resignations/retirements. Compensated absences are a reconciling item between the fund level and district-wide presentations.

Fund Equity

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unassigned net position represents the remains of the District's equity in the cumulative earnings of the food service fund.

Unearned Revenue

Unearned revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable practice under generally accepted accounting principles.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the district-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long term debt is recognized as a liability on the fund financial statements when due.

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Restrictions

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Maintenance Reserve and Excess Surplus as Restricted Fund Balance.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education. The District does not report any amounts currently as Committed Fund Balance.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports amounts Designated for Subsequent Year's Expenditures and Year-end Encumbrances as Assigned Fund Balance.

Unassigned – is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

The general fund is the only fund that will report a negative unassigned fund balance. For all other governmental funds, the amount of a residual deficit would be classified as assigned.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means within sixty days of the fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from property taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise funds are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make assumptions that affect the amounts reported as revenue and expenditures/expenses during the reporting period. These estimates may differ from actual results.

Accounting and Financial Reporting for Pensions

In the District-Wide Financial Statements for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (continued)

In the Governmental Fund Financial Statements, the year-end Net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The Governmental Fund Financial Statements reflects both a revenue and expenses for this pension contribution.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualify for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify in this category, deferred amounts related to pension and deferred amounts from refunding debt.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements

Beginning with the year ended June 30, 2022, the District implemented GASB Statement 87, Leases. GASB Statement 87 establishes criteria for accounting and financial reporting for leases. It creates a single model for lease accounting and requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. A lessee is required to recognize a lease liability and an intangible right to use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District has determined that it has no leases as defined by GASB Statement 87.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The District considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and short-term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2022, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$12,469,309.88, \$250,000.00 was covered by Federal Depository Insurance and \$12,219,309.88 was covered under the provisions of NJGUDPA.

As of June 30, 2022, cash and cash equivalents of the District consisted of the following:

| Fund Type: | <u>Bank</u> | <u>Reconciling Items:</u> | | <u>Reconciled</u> |
|-------------------|------------------------|----------------------------------|-------------------------|--------------------------|
| | <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> |
| Governmental | \$12,158,123.51 | \$ 8,206.23 | \$ 2,021,411.26 | \$ 10,144,918.48 |
| Proprietary | <u>311,186.37</u> | <u>628.00</u> | <u>91,298.23</u> | <u>220,516.14</u> |
| | <u>\$12,469,309.88</u> | <u>\$ 8,834.23</u> | <u>\$ 2,112,709.49</u> | <u>\$ 10,365,434.62</u> |

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

The types of investments which may be purchased by the District are strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a1 et seq., and operated in accordance with 17 C.F.R. § 270.2a7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:2037. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 C. 17:1941); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

At June 30, 2022, the District had no outstanding investments that were not considered "cash equivalents".

Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 3: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

| | Beginning Balance | Additions | Adjustments/ Deletions | Ending Balance |
|---|----------------------|-------------------|---------------------------|-------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,980,000.00 | | | \$ 1,980,000.00 |
| Construction in progress | - | \$ 118,950.59 | \$ - | 118,950.59 |
| Total Capital Assets not being depreciated | 1,980,000.00 | 118,950.59 | - | 2,098,950.59 |
| Site Improvements | 5,400,889.00 | 14,230.00 | - | 5,415,119.00 |
| Buildings & Building Improvements | 81,943,919.00 | 397,225.00 | - | 82,341,144.00 |
| Machinery & Equipment | 2,821,936.70 | 230,775.30 | - | 3,052,712.00 |
| Totals at historical cost | 90,166,744.70 | 642,230.30 | - | 90,808,975.00 |
| Gross Assets (Memo only) | 92,146,744.70 | 761,180.89 | - | 92,907,925.59 |
| Less: Accumulated Depreciation | | | | |
| Site Improvements | (2,981,840.00) | (175,428.00) | | (3,157,268.00) |
| Buildings & Building Improvements | (28,341,210.00) | (1,924,449.00) | | (30,265,659.00) |
| Machinery & Equipment | (1,933,151.00) | (188,943.00) | | (2,122,094.00) |
| Total Depreciation | (33,256,201.00) | (2,288,820.00) | - | (35,545,021.00) |
| Total capital assets being depreciated, net of depreciation | 56,910,543.70 | (1,646,589.70) | - | 55,263,954.00 |
| Total Governmental Fund Activities | \$ 58,890,543.70 | \$ (1,527,639.11) | \$ - | \$ 57,362,904.59 |
| Proprietary Activities: | | | | |
| Machinery & Equipment | \$ 452,409.00 | \$ - | \$ - | \$ 452,409.00 |
| Totals at historical cost | 452,409.00 | - | - | 452,409.00 |
| Less: Accumulated Depreciation | | | | |
| Machinery & Equipment | (446,631.00) | (2,459.00) | | (449,090.00) |
| Total Depreciation | (446,631.00) | (2,459.00) | - | (449,090.00) |
| Total Proprietary Fund Activities | \$ 5,778.00 | \$ (2,459.00) | \$ - | \$ 3,319.00 |

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 3: CAPITAL ASSETS (CONTINUED)

Depreciation expense for governmental activities was charged to the functional expense areas of the District as follows:

| | |
|--|------------------------|
| Instruction: | |
| Regular | 22,153.00 |
| Support Services: | |
| Student & Instruction Related Services | 42,060.00 |
| General Administrative Services | 1,195.00 |
| School Administrative Services | 23,649.00 |
| Plant Operations and Maintenance | 48,652.00 |
| Pupil Transportation | 51,234.00 |
| Direct Expense of Various Functions | <u>2,099,877.00</u> |
| | <u>\$ 2,288,820.00</u> |

NOTE 4: LONG-TERM LIABILITIES

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Statutorily, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of transactions that affect long-term liabilities for the year ended June 30, 2022:

| | Balance, <u>June 30, 2021</u> | <u>Additions</u> | <u>Reductions</u> | Balance, <u>June 30, 2022</u> | Due Within <u>One Year</u> |
|--|----------------------------------|----------------------|------------------------|----------------------------------|-------------------------------|
| Bonds Payable | \$19,779,000.00 | \$11,775,000.00 | \$15,610,000.00 | \$15,944,000.00 | \$2,415,000. |
| Compensated Absences | 2,572,658.66 | | 51,452.47 | 2,521,206.19 | |
| Net Pension Liability | 8,518,482.00 | | 2,105,762.00 | 6,412,720.00 | |
| Installment Purchase Contracts Payable | <u>1,371,414.09</u> | <u>118,950.59</u> | <u>353,232.85</u> | <u>1,137,131.83</u> | <u>393,130.</u> |
| Total | <u>\$32,241,554.75</u> | <u>\$ 118,950.59</u> | <u>\$ 2,510,447.32</u> | <u>\$26,015,058.02</u> | <u>\$2,808,130.</u> |

Debt Capacity

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2022, the District borrowing capacity under N.J.S. 18A:24-19 is as follows:

| <u>Year</u> | <u>Equalized Valuation of Real Property</u> |
|---|---|
| 2021 | \$ 3,457,888,784.00 |
| 2020 | 3,391,976,464.00 |
| 2019 | <u>3,436,694,339.00</u> |
| | <u>\$ 10,286,559,587.00</u> |
| Average equalized valuation | <u>\$ 3,428,853,195.67</u> |
| School borrowing margin (4% of \$3,428,853,195.67) | \$ 137,154,127.83 |
| Net school debt as of June 30, 2022 | <u>15,944,000.00</u> |
| School borrowing power available | <u>\$ 121,210,127.83</u> |

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Debt Service Requirements:

The annual requirements to amortize all debt outstanding as of June 30, 2022, including interest payments on issued debt, are as follows:

| Fiscal Year <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------|-------------------------|------------------------|-------------------------|
| 2023 | \$ 2,415,000.00 | \$ 672,911.67 | \$ 3,087,911.67 |
| 2024 | 2,610,000.00 | 467,920.00 | 3,077,920.00 |
| 2025 | 2,595,000.00 | 371,870.00 | 2,966,870.00 |
| 2026 | 2,980,000.00 | 276,770.00 | 3,256,770.00 |
| 2027 | 1,400,000.00 | 166,420.00 | 1,566,420.00 |
| 2028-2031 | <u>3,944,000.00</u> | <u>218,645.00</u> | <u>4,162,645.00</u> |
| | <u>\$ 15,944,000.00</u> | <u>\$ 2,174,536.67</u> | <u>\$ 18,118,536.67</u> |

General obligation school and refunding bonds payable with their outstanding balances are comprised of the following individual issues:

| <u>Issue</u> | <u>Amount Outstanding June 30, 2022</u> |
|---|---|
| \$11,775,000.00 in 2021 Refunding Bonds due in remaining annual installments ranging between \$935,000.00 and \$2,530,000.00 beginning March 15, 2023 and ending March 15, 2029 with interest at 4.0% | \$ 11,775,000.00 |
| \$5,829,000.00 in 2016 School Bonds due in remaining annual installments ranging between \$260,000.00 and \$500,000.00 beginning September 15, 2020 and ending September 15, 2030 with interest at 1.0% to 3.0% | <u>4,169,000.00</u> |
| | <u>\$ 15,944,000.00</u> |

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Installment Purchase Contracts Payable

The District has entered into several installment purchase agreements for technology, energy savings equipment and buses totaling \$3,874,919.55. The agreements are for terms up to fifteen years. Future annual debt service payments on installment purchases as of June 30, 2022, including interest of \$41,006.14 are as follows:

| Fiscal Year <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------|-----------------------|--------------------|-----------------------|
| 2023 | \$393,130.31 | \$19,197.53 | \$412,327.84 |
| 2024 | 342,181.25 | 13,453.90 | 355,635.15 |
| 2025 | 316,723.88 | 5,730.58 | 322,454.46 |
| 2026 | 60,283.31 | 1,756.19 | 62,039.50 |
| 2027 | <u>24,813.08</u> | <u>867.94</u> | <u>25,681.02</u> |
| Totals | <u>\$1,137,131.83</u> | <u>\$41,006.14</u> | <u>\$1,178,137.97</u> |

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 5: PENSION PLANS

Description of Plans All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP) The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 5: PENSION PLANS (CONTINUED)

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30-year period and paid in level dollars. Beginning with the July 1, 2020 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30-year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 5: PENSION PLANS (CONTINUED)

Contribution Requirements The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (i.e., the State of New Jersey makes the employer contribution on behalf of public school districts).

Three Year Trend Information for PERS

| <u>Year Ended</u> <u>June 30,</u> | <u>Annual</u> <u>Pension Cost</u> <u>(APC)</u> | <u>Percentage of</u> <u>APC Contributed</u> | <u>Net Pension</u> <u>Obligation</u> |
|--------------------------------------|--|--|---|
| 2022 | \$633,946.00 | 100.00% | \$633,946.00 |
| 2021 | 571,447.00 | 100.00% | 571,447.00 |
| 2020 | 474,572.00 | 100.00% | 474,572.00 |

During the fiscal years ended June 30, 2022, 2021 and 2020, the State of New Jersey contributed \$6,257,395.00, \$4,293,587.00 and \$3,365,027.00 respectively to the TPAF pension system on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66 during the years ended June 30, 2022, 2021 and 2020, the State of New Jersey reimbursed the District \$1,234,724.99, \$1,233,363.55 and \$1,264,280.85 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2022, the District reported a liability of \$6,412,720.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2021, the District's proportion was 0.0541317750 percent, which was an increase of 0.0018948146 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension benefit of \$527,262.00 in the district-wide financial statements. This pension benefit was based on the pension plans June 30, 2021 measurement date.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|---|--|---|
| Differences between expected and actual experience | \$ 101,137.00 | \$ 45,908.00 |
| Changes of assumptions | | 2,282,970.00 |
| Net difference between projected and actual earnings on pension plan investments | 33,397.00 | 1,689,279.00 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 1,237,769.00 | 37,213.00 |
| District contributions subsequent to the measurement date | <u>678,910.00</u> | <u> </u> |
| | <u>\$ 2,051,213.00</u> | <u>\$ 4,055,370.00</u> |

The \$678,910.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2022, the plan measurement date is June 30, 2021) will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(Continued)

Public Employees Retirement System (PERS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended</u> <u>June 30,</u> | <u>Amount</u> |
|--------------------------------------|-------------------------|
| 2022 | (\$1,273,011.80) |
| 2023 | (840,254.80) |
| 2024 | (496,513.80) |
| 2025 | (313,611.80) |
| 2026 | 240,325.20 |
| | <u>(\$2,683,067.00)</u> |

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. These actuarial valuations used the following assumptions:

| | |
|---------------------------|---------------------------|
| Inflation rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 2.00%-6.00% |
| | Based on Years of Service |
| Thereafter | 3.00%-7.00% |
| | Based on Years of Service |
| Investment Rate of Return | 7.00% |

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

| <u>Assets Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| U.S. Equity | 27.00% | 8.09% |
| Non-U.S. Developed Market Equity | 13.50% | 8.71% |
| Emerging Market Equity | 5.50% | 10.96% |
| Private Equity | 13.00% | 11.30% |
| Real Estate Assets | 3.00% | 9.15% |
| Real Estate | 8.00% | 7.40% |
| High Yield | 2.00% | 3.75% |
| Private Credit | 8.00% | 7.60% |
| Investment Grade Credit | 8.00% | 1.68% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 0.95% |
| Risk Mitigation Strategies | 3.00% | 3.35% |

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage-point higher than the current rate

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate (Continued)

| | 1% Decrease <u>6.00%</u> | At Current Discount Rate <u>7.00%</u> | 1% Increase <u>8.00%</u> |
|--|--------------------------------|---|--------------------------------|
| District's proportionate share of the pension liability | \$8,732,825.00 | \$6,412,720.00 | \$4,443,783.00 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 or at this site: <http://www.state.nj.us/treasury/pensions>.

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2022 was as follows:

| | |
|---|----------------------------|
| Net Pension Liability: | |
| Districts proportionate share | -0- |
| State's proportionate share associated with the District | <u>\$71,009,147</u> |
| | <u><u>\$71,009,147</u></u> |

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 which was rolled forward to June 30, 2021. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2021, the proportion of the TPAF net pension liability associated with the District was .1477043547% which was a decrease of .00057128099 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized on-behalf pension expense and revenue of \$1,670,876.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2021 measurement date.

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | |
|---------------------------|---------------------------|
| Inflation rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 1.55%-4.45% |
| | Based on Years of Service |
| Thereafter | 2.75%-5.65% |
| | Based on Years of Service |
| Investment Rate of Return | 7.00% |

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rate

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 are summarized in the following table:

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return

| <u>Assets Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| U.S. Equity | 27.00% | 8.09% |
| Non-U.S. Developed Market Equity | 13.50% | 8.71% |
| Emerging Market Equity | 5.50% | 10.96% |
| Private Equity | 13.00% | 11.30% |
| Real Estate Assets | 3.00% | 9.15% |
| Real Estate | 8.00% | 7.40% |
| High Yield | 2.00% | 3.75% |
| Private Credit | 8.00% | 7.60% |
| Investment Grade Credit | 8.00% | 1.68% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 0.95% |
| Risk Mitigation Strategies | 3.00% | 3.35% |

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 and the following site: <http://www.state.nj.us/treasury/pensions>.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS – GASB 75

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, with that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

| | |
|--|----------------|
| Active Plan Members | 213,901 |
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 150,427 |
| Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits | <u>- 0 -</u> |
| Total Plan Members | <u>364,328</u> |

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Total Non-employer OPEB Liability

The portion of the Total Non-employer OPEB Liability that was associated with the District at June 30, 2022 was as follows:

| | |
|--|--------------|
| Total OPEB Liability: | |
| District's Proportionate Share | \$-0- |
| State's Proportionate Share associated with the District | 73,361,903 |
| | 73,361,903 |
| | \$73,361,903 |

The Total Non-employer OPEB Liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021.

The Total Non-Employer OPEB Liability was determined separately based on actual data of the District.

For the year ended June 30, 2022, the District recognized on-behalf post-employment expense and revenue of \$4,615,058.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue amount was based on the plan's June 30, 2021 measurement date.

At June 30, 2021, the District's proportion was 0.1222542489 percent, which was an increase of .0001681928 percent from its proportion measured as of June 30, 2020.

The State, a Non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 actuarial valuation reported by the State in the State's most recently issued ACFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | <u>June 30, 2021</u> | | <u>PERS</u> |
|------------------|----------------------|-------------|----------------|
| | <u>TPAF/ABP</u> | <u>PERS</u> | |
| Inflation – 2.5% | | | |
| Salary Increases | | | |
| Through 2026 | 1.55-4.45%* | 2.00-6.00%* | 3.25-15.25%* |
| Thereafter | 2.75-5.65%* | 3.00-7.00%* | Not Applicable |

*- Based on Years of Service

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 — June 30, 2018, July 1, 2014 — June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectively.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2021 and June 30, 2020 was 2.16% and 2.21% respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Non-employer OPEB Liability

Shown below are details regarding the Total Non-employer OPEB Liability for the Measurement Period from June 30, 2020 to June 30, 2021.

| | | |
|--|--------------|---------------------|
| Balance at 6/30/20 | | \$82,786,509 |
| Changes for the year: | | |
| Service cost | \$4,169,354 | |
| Interest | 1,903,085 | |
| Changes of Benefit Terms | (78,085) | |
| Differences between expected and actual experience | (14,040,892) | |
| Changes in assumptions or other inputs | 72,377 | |
| Membership Contributions | 48,653 | |
| Benefit payments - Net | (1,499,098) | |
| Net changes | | <u>(9,424,606)</u> |
| Balance at 6/30/21 | | <u>\$73,361,903</u> |

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Sensitivity of the Total Non-employer OPEB Liability to Changes in the Discount Rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2021 calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2021 | | |
|---|-----------------------------------|-------------------------------------|-----------------------------------|
| | <u>1.00% Decrease (1.16%)</u> | <u>At Discount Rate (2.16%)</u> | <u>1.00% Increase (3.16%)</u> |
| State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District | \$87,876,043 | \$73,361,903 | \$61,932,889 |

Sensitivity of the Total Non-employer OPEB Liability to Changes in Healthcare Trends

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2021 respectively, calculated using the healthcare trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2021 | | |
|---|---------------------------|---------------------------------------|---------------------------|
| | <u>1.00% Decrease</u> | <u>Healthcare Cost Trend Rate</u> | <u>1.00% Increase</u> |
| State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District | \$59,386,699 | \$73,361,903 | \$92,129,569 |

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the District from the following sources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ 11,058,981 | \$ 22,017,211 |
| Changes of assumptions | 12,444,916 | 7,871,049 |
| Changes in proportion | <u>1,340,161</u> | <u>1,164,683</u> |
| | <u>\$ 24,844,058</u> | <u>\$ 31,052,943</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total non-employer OPEB liability associated with the District will be recognized in OPEB expense as follows:

| <u>Measurement Period Ended June 30,</u> | <u>Amount</u> |
|--|----------------------|
| 2022 | (\$1,410,320) |
| 2023 | (\$1,410,320) |
| 2024 | (\$1,410,320) |
| 2025 | (\$1,410,320) |
| 2026 | (\$992,575) |
| Total Thereafter | <u>\$424,970</u> |
| | <u>(\$6,208,885)</u> |

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at:

<http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>

NOTE 8: LITIGATION

The Board attorney's letter advises that the District is a defendant in two complaints served on the District on November 11, 2022 and November 22, 2022. The plaintiffs in each case demand in excess of fifty (50) million dollars each, exclusive of prejudgment interest, costs and damages for pre-judgment delay, attorneys' fees, punitive damages, and such other and further legal and equitable relief as the Court deems appropriate. The attorney anticipates, based on prior experience, that the exposure to the District is expected to be between \$50,000 and \$500,000 for one case and between \$100,000 and \$600,000 for the other case. If there's any evidence that the District had knowledge of the abuse at the time, then that would dramatically shift the exposure upwards and potentially into the seven-figure range per case.

NOTE 9: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2021-2022 fiscal year were subject to the Federal Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$750,000.00. Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance The District maintains insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Claims have not exceeded the insurance coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

| <u>Year Ended</u> <u>June 30,</u> | <u>Interest</u> <u>Earned</u> | <u>Board</u> <u>Contributions</u> | <u>Employee</u> <u>Contributions</u> | <u>Amount</u> <u>Reimbursed</u> | <u>Ending</u> <u>Balance</u> |
|--------------------------------------|----------------------------------|--------------------------------------|---|------------------------------------|---------------------------------|
| 2022 | \$ 109.83 | \$ - | \$ 36,309.90 | \$ 675.00 | \$149,805.36 |
| 2021 | 103.20 | - | 34,000.36 | 19,451.20 | 114,060.63 |
| 2020 | 574.42 | - | 40,562.68 | 22,656.18 | 99,408.27 |

NOTE 11: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the Districts agreements with the various employee unions.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 11: COMPENSATED ABSENCES (CONTINUED)

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2022, a liability existed for compensated absences for governmental fund-types in the district- wide Statement of Net Position of \$2,521,206.19.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2022, no liability existed for compensated absences in the proprietary funds.

For additional descriptive information see Note 1, Summary of Significant Accounting Policies.

NOTE 12: FUND BALANCE APPROPRIATED - GAAP BASIS

General Fund Of the \$10,729,235.39 in General Fund Balance at June 30, 2022, \$335,515.16 has been assigned for encumbrances; \$5,086,451.34 has been restricted in the Capital Reserve account; \$903,459.00 has been restricted for maintenance reserve; \$1,491,410.51 has been restricted as excess surplus – designated for subsequent years' expenditures and has been appropriated and included as anticipated revenue for the year ended June 30, 2022; \$584,260.49 has been assigned and included as anticipated revenue for the year ended June 30, 2022; \$764.51 has been assigned for FFCRA/SEMI and is designated for subsequent year's expenditures; \$99,621.30 has been restricted for unemployment compensation; and \$2,227,753.08 is unassigned.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

Calculation of Excess Surplus In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the Restricted Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance for the fiscal year ending June 30, 2022 is \$-0- as calculated below:

| | |
|--|----------------------|
| General Fund Expenditures | |
| For the Fiscal Year Ended June 30, 2022 | \$48,484,510.46 |
| Less: | |
| On-behalf TPAF Pension and Social Security Reimbursement | (9,065,007.99) |
| Assets Acquired Under Installment Purchase Contracts | <u>(118,950.59)</u> |
| Adjusted General Fund Expenditures | \$39,300,551.88 |
| Excess Surplus Percentage | <u>4.00%</u> |
| 4% of Adjusted 2021-2022 General Fund Expenditures | 1,572,022.08 |
| Add: Allowable Adjustments | <u>819,652.00</u> |
| Maximum Unassigned Fund Balance | 2,391,674.08 |
| Actual Unassigned Fund Balance (Budgetary) | 2,391,674.08 |
| Excess Surplus | <u><u>\$0.00</u></u> |

\$1,491,410.51 is reported as Restricted Fund Balance-Excess Surplus-Designated for subsequent years expenditures and is required to be appropriated for property tax relief in the 2022-2023 budget.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

There were interfund balances remaining on the District's balance sheet at June 30, 2022 as follows:

| <u>Fund</u> | <u>Receivable</u> | <u>Payable</u> |
|----------------------|----------------------|----------------------|
| General Fund | \$ 117,701.58 | |
| Special Revenue Fund | | \$ 60,941.44 |
| Enterprise Funds | | 56,760.14 |
| | <u>\$ 117,701.58</u> | <u>\$ 117,701.58</u> |

All interfund balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received. All interfund balances are to be liquidated within one year.

NOTE 15: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line item appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special election dates authorized by N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 15: CAPITAL RESERVE ACCOUNT (CONTINUED)

The activity of the capital reserve during the year ended June 30, 2022, is as follows:

| | |
|-----------------------------|------------------------|
| Balance, July 1, 2021 | \$ 2,316,051.31 |
| Interest Earnings | 865.56 |
| Deposits: | |
| By Board Resolution | 2,972,245.47 |
| Return of Unused Withdrawal | 149,589.00 |
| | <u>5,438,751.34</u> |
| Withdrawals: | |
| Budgeted | <u>352,300.00</u> |
| Balance, June 30, 2022 | <u>\$ 5,086,451.34</u> |

NOTE 16: MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the District for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with EFCFA (N.J.S.A. 18A:7G-9). The passage of S1701 also impacts deposits into maintenance reserve. EFCFA requires that upon the district completion of school facilities project, the district must submit a plan for the maintenance of that facility. The activity of the maintenance reserve during the year ended June 30, 2022 is as follows:

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 16: MAINTENANCE RESERVE ACCOUNT (CONTINUED)

| | |
|------------------------|----------------------|
| Balance, July 1, 2021 | \$ 503,459.00 |
| Deposits: | |
| By Board Resolution | <u>400,000.00</u> |
| Balance, June 30, 2022 | <u>\$ 903,459.00</u> |

NOTE 17: INVENTORY

Inventory in the Food Service Fund at June 30, 2022 consisted of the following:

| | |
|-----------------|---------------------|
| Food | \$ 3,314.35 |
| Supplies | <u>7,350.89</u> |
| Total Inventory | <u>\$ 20,665.24</u> |

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

NOTE 18: SUBSEQUENT EVENTS

The District has evaluated material subsequent events occurring after the financial statement date through February 10, 2023 which is the date the financial statements were available to be issued. The District has determined that there are no material subsequent events needed to be disclosed.

Somerset Hills School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2022

NOTE 19: PRIOR PERIOD ADJUSTMENTS/RESTATEMENTS

The District had a restatement of their prior year net position due to a change in capital assets from a new asset appraisal performed in fiscal year 2022. The District restated their net position as indicated below to appropriately reflect the June 30, 2022 balances:

| | Governmental Activities | Business-type Activities |
|---|----------------------------|-----------------------------|
| Net Position 06/30/21 | \$ 33,678,890.73 | \$ 102,127.04 |
| Adjustments: | | |
| Capital Assets, Net of Accumulated Depreciation | (197,831.74) | (11,991.60) |
| Net Position 06/30/21 (As restated) | \$ 33,481,058.99 | \$ 90,135.44 |

NOTE 20: ADVANCE REFUNDING OF DEBT

On December 16, 2021, bonds were issued to refund portions of earlier issues. Proceeds from the sale were placed in an irrevocable trust that is to be used to service the future debt requirements of the (old) debt. This refunding resulted in an economic gain as well as savings from refunding. The economic gain realized in this refunding was \$1,354,268.

The District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2022, \$13,065,000 of bonds outstanding are considered defeased, which includes debt defeased during this current year.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | VARIANCE FINAL TO ACTUAL |
|--|----------------------|---------------------------------------|----------------------|----------------------|--------------------------------|
| REVENUES | | | | | |
| Local sources: | | | | | |
| Local tax levy | \$ 33,277,116.00 | | \$ 33,277,116.00 | \$ 33,277,116.00 | |
| Tuition from individuals | | | | 23,458.00 | 23,458.00 |
| Tuition from LEAs within state | 4,479,500.00 | | 4,479,500.00 | 4,926,572.92 | 447,072.92 |
| Transportation fees from individuals | 70,000.00 | | 70,000.00 | 31,350.00 | (38,650.00) |
| Unrestricted miscellaneous revenues | 80,000.00 | | 80,000.00 | 249,385.77 | 169,385.77 |
| Interest earned on Maintenance Reserve | 750.00 | | 750.00 | | (750.00) |
| Interest earned on capital reserve funds | 750.00 | | 750.00 | 865.56 | 115.56 |
| Other Restricted Miscellaneous Revenues | | | | 109.83 | 109.83 |
| Total revenues-local sources | 37,908,116.00 | | 37,908,116.00 | 38,508,858.08 | 600,742.08 |
| State sources: | | | | | |
| Categorical Transportation Aid | 517,812.00 | | 517,812.00 | 517,812.00 | |
| Extraordinary Aid | | | | 735,552.00 | 735,552.00 |
| Categorical Special Education Aid | 1,168,530.00 | | 1,168,530.00 | 1,168,530.00 | |
| Categorical Security Aid | 130,156.00 | | 130,156.00 | 130,156.00 | |
| Other State Aids | | | | 152,300.00 | 152,300.00 |
| Reimbursed TPAF social security contributions (non-budgeted) | | | | 1,234,724.99 | 1,234,724.99 |
| On-behalf TPAF pension (non-budgeted) | | | | 6,257,395.00 | 6,257,395.00 |
| On-behalf TPAF non-contributory insurance (non-budgeted) | | | | 88,283.00 | 88,283.00 |
| On-behalf TPAF long-term disability insurance (non-budgeted) | | | | 1,998.00 | 1,998.00 |
| On-behalf TPAF post retirement medical (non-budgeted) | | | | 1,482,607.00 | 1,482,607.00 |
| Total - state sources | 1,816,498.00 | | 1,816,498.00 | 11,769,357.99 | 9,952,859.99 |
| Federal sources: | | | | | |
| Medicaid Reimbursement (SEMI) | 25,105.00 | | 25,105.00 | 13,183.26 | (11,921.74) |
| Total federal sources | 25,105.00 | | 25,105.00 | 13,183.26 | (11,921.74) |
| Total revenues | 39,749,719.00 | | 39,749,719.00 | 50,291,399.33 | 10,541,680.33 |
| EXPENDITURES | | | | | |
| CURRENT EXPENSE: | | | | | |
| Instruction - regular programs: | | | | | |
| Salaries of teachers: | | | | | |
| Kindergarten | 605,731.00 | 0.27 | 605,731.27 | 547,969.97 | 57,761.30 |
| Grades 1-5 | 2,802,258.00 | (0.34) | 2,802,257.66 | 2,726,175.40 | 76,082.26 |
| Grades 6-8 | 2,723,585.00 | 9,194.86 | 2,732,779.86 | 2,456,372.89 | 276,406.97 |
| Grades 9-12 | 5,219,153.00 | (45,480.27) | 5,173,672.73 | 5,061,765.98 | 111,906.75 |
| Regular programs - home instruction: | | | | | |
| Salaries of teachers | 10,000.00 | (3,693.68) | 6,306.32 | 4,374.14 | 1,932.18 |
| Purchased professional educational services | 9,750.00 | 3,693.68 | 13,443.68 | 13,443.68 | |

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | VARIANCE FINAL TO ACTUAL |
|---|----------------------|---------------------------------------|----------------------|----------------------|--------------------------------|
| Regular programs - undistributed instruction: | | | | | |
| Other salaries for instruction | \$ 87,964.00 | \$ (22,877.25) | \$ 65,086.75 | \$ 56,071.29 | \$ 9,015.46 |
| Purchased professional educational services | 5,000.00 | 20,785.58 | 25,785.58 | 25,785.58 | |
| Purchased Technical Services | | 15,500.00 | 15,500.00 | 13,750.00 | 1,750.00 |
| Other purchased services (400-500 series) | 287,912.00 | 77,232.51 | 365,144.51 | 292,183.20 | 72,961.31 |
| General supplies | 529,069.75 | (41,255.41) | 487,814.34 | 417,475.91 | 70,338.43 |
| Textbooks | 171,994.28 | (12,500.00) | 159,494.28 | 100,083.88 | 59,410.40 |
| Other objects | 25,100.00 | (1,000.00) | 24,100.00 | 21,710.00 | 2,390.00 |
| Total regular programs | 12,477,517.03 | (400.05) | 12,477,116.98 | 11,737,161.92 | 739,955.06 |
| Special education - instruction: | | | | | |
| Special Education- Behavioral Disabilities | | | | | |
| Salaries of teachers | 134,203.00 | 9,801.62 | 144,004.62 | 144,004.62 | |
| General supplies | 1,500.00 | (0.50) | 1,499.50 | | 1,499.50 |
| Total behavioral disabilities | 135,703.00 | 9,801.12 | 145,504.12 | 144,004.62 | 1,499.50 |
| Special education - multiple disabilities: | | | | | |
| Salaries of teachers | 203,680.00 | 4,088.40 | 207,768.40 | 205,082.38 | 2,686.02 |
| Other salaries for instruction | 109,286.00 | (13,262.01) | 96,023.99 | 85,560.71 | 10,463.28 |
| Other Purchased Services (400-500 series) | 300.00 | | 300.00 | | 300.00 |
| General supplies | 14,000.00 | | 14,000.00 | 5,505.38 | 8,494.62 |
| Total multiple disabilities | 327,266.00 | (9,173.61) | 318,092.39 | 296,148.47 | 21,943.92 |
| Resource room/resource center: | | | | | |
| Salaries of teachers | 1,703,039.00 | (626.98) | 1,702,412.02 | 1,619,939.69 | 82,472.33 |
| Other salaries for instruction | 363,342.00 | 0.25 | 363,342.25 | 106,188.44 | 257,153.81 |
| Purchased professional-education services | 63,000.00 | | 63,000.00 | 35,344.57 | 27,655.43 |
| General supplies | 12,000.00 | | 12,000.00 | 4,251.87 | 7,748.13 |
| Total resource room/resource center | 2,141,381.00 | (626.73) | 2,140,754.27 | 1,765,724.57 | 375,029.70 |
| Preschool disabilities - part time: | | | | | |
| Salaries of teachers | 98,954.00 | 2,196.00 | 101,150.00 | 101,150.00 | |
| Other salaries for instruction | 22,943.00 | (0.50) | 22,942.50 | 20,482.65 | 2,459.85 |
| Purchased professional - education services | 2,000.00 | | 2,000.00 | | 2,000.00 |
| General supplies | 1,000.00 | | 1,000.00 | | 1,000.00 |
| Total preschool disabilities - part time | 124,897.00 | 2,195.50 | 127,092.50 | 121,632.65 | 5,459.85 |

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | VARIANCE FINAL TO ACTUAL |
|---|----------------------|---------------------------------------|----------------------|----------------------|--------------------------------|
| Preschool disabilities - full time: | | | | | |
| Salaries of teachers | \$ 61,096.00 | \$ 0.28 | \$ 61,096.28 | \$ | \$ 61,096.28 |
| Other salaries for instruction | 46,318.00 | 0.15 | 46,318.15 | 17,111.52 | 29,206.63 |
| Purchased professional-education services | 2,000.00 | | 2,000.00 | | 2,000.00 |
| General supplies | 1,000.00 | | 1,000.00 | 536.22 | 463.78 |
| Total preschool disabilities - full time | 110,414.00 | 0.43 | 110,414.43 | 17,647.74 | 92,766.69 |
| Special education instruction - home instruction | | | | | |
| Salaries of teachers | 120,000.00 | (19,851.28) | 100,148.72 | 83,685.59 | 16,463.13 |
| Purchased professional-education services | 35,000.00 | (105.72) | 34,894.28 | 34,260.98 | 633.30 |
| General supplies | 100.00 | | 100.00 | | 100.00 |
| Total home instruction | 155,100.00 | (19,957.00) | 135,143.00 | 117,946.57 | 17,196.43 |
| Total special education - instruction | 2,994,761.00 | (17,760.29) | 2,977,000.71 | 2,463,104.62 | 513,896.09 |
| Basic skills/remedial - instruction | | | | | |
| Salaries of teachers | 376,975.00 | 2,730.48 | 379,705.48 | 379,705.48 | |
| Total basic skills/remedial - instruction | 376,975.00 | 2,730.48 | 379,705.48 | 379,705.48 | |
| Bilingual education - instruction: | | | | | |
| Salaries of teachers | 393,696.00 | 1,826.17 | 395,522.17 | 334,233.82 | 61,288.35 |
| Other salaries for instruction | 10,000.00 | 13,204.87 | 23,204.87 | 23,204.87 | |
| Purchased professional-education services | 4,000.00 | | 4,000.00 | | 4,000.00 |
| General supplies | 1,000.00 | | 1,000.00 | 693.20 | 306.80 |
| Total bilingual education - instruction | 408,696.00 | 15,031.04 | 423,727.04 | 358,131.89 | 65,595.15 |
| School sponsored cocurricular activities - instruction: | | | | | |
| Salaries | 257,000.00 | (10,760.15) | 246,239.85 | 202,088.61 | 44,151.24 |
| Other purchased services (400-500 series) | 12,000.00 | | 12,000.00 | 5,877.09 | 6,122.91 |
| Supplies and materials | 20,000.00 | (4,932.99) | 15,067.01 | 7,661.18 | 7,405.83 |
| Other objects | 12,500.00 | (6,432.80) | 6,067.20 | 6,067.20 | |
| Total school sponsored cocurricular activities - instruction | 301,500.00 | (22,125.94) | 279,374.06 | 221,694.08 | 57,679.98 |
| School sponsored athletics - instruction: | | | | | |
| Salaries | 703,656.00 | 46,817.61 | 750,473.61 | 728,665.93 | 21,807.68 |
| Purchased services (300-500 series) | 218,057.00 | (33,197.00) | 184,860.00 | 179,641.13 | 5,218.87 |
| Supplies and materials | 80,126.00 | 5,900.75 | 86,026.75 | 74,661.48 | 11,365.27 |
| Other objects | 5,000.00 | 2,505.00 | 7,505.00 | 7,505.00 | |
| Total school sponsored athletics - instruction | 1,006,839.00 | 22,026.36 | 1,028,865.36 | 990,473.54 | 38,391.82 |
| Total instruction | 17,566,288.03 | (498.40) | 17,565,789.63 | 16,150,271.53 | 1,415,518.10 |

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | VARIANCE FINAL TO ACTUAL |
|--|---------------------|---------------------------------------|---------------------|---------------------|--------------------------------|
| Undistributed expenditures - instruction: | | | | | |
| Tuition to other LEAs within the state - special | \$ 621,277.00 | \$ (199,736.33) | \$ 421,540.67 | \$ 317,350.24 | \$ 104,190.43 |
| Tuition to county vocational school district - special | 57,400.00 | | 57,400.00 | 3,500.00 | 53,900.00 |
| Tuition to private schools for the disabled within state | 1,898,903.00 | 213,139.03 | 2,112,042.03 | 1,798,116.66 | 313,925.37 |
| Tuition - state facilities | 79,744.00 | | 79,744.00 | 79,744.00 | |
| Total undistributed expenditures - instruction | 2,657,324.00 | 13,402.70 | 2,670,726.70 | 2,198,710.90 | 472,015.80 |
| Undistributed expenditures - health services: | | | | | |
| Salaries | 400,768.00 | 22,997.22 | 423,765.22 | 423,763.14 | 2.08 |
| Purchased professional and technical services | 42,000.00 | (13,710.88) | 28,289.12 | 28,289.12 | |
| Other Purchased Services | 7,000.00 | (1,709.35) | 5,290.65 | 5,290.65 | |
| Supplies and materials | 12,400.00 | (1,838.28) | 10,561.72 | 10,340.46 | 221.26 |
| Total undistributed expenditures - health services | 462,168.00 | 5,738.71 | 467,906.71 | 467,683.37 | 223.34 |
| Undistributed expenditures - speech, OT, PT and related services: | | | | | |
| Salaries | 320,092.00 | 6,414.80 | 326,506.80 | 325,550.00 | 956.80 |
| Purchased professional - educational services | 258,944.00 | (20,153.72) | 238,790.28 | 110,721.31 | 128,068.97 |
| Total undistributed expenditures - speech, OT, PT and related services | 579,036.00 | (13,738.92) | 565,297.08 | 436,271.31 | 129,025.77 |
| Undistributed expenditures - other support services - students - extraordinary services: | | | | | |
| Salaries | 689,912.00 | (0.11) | 689,911.89 | 519,481.42 | 170,430.47 |
| Purchased professional - educational services | 226,560.00 | (16,811.00) | 209,749.00 | 136,042.90 | 73,706.10 |
| Total undistributed expenditures - other support services - students - extraordinary services | 916,472.00 | (16,811.11) | 899,660.89 | 655,524.32 | 244,136.57 |
| Undistributed expenditures - guidance: | | | | | |
| Salaries of other professional staff | 897,936.00 | 3,663.64 | 901,599.64 | 898,857.88 | 2,741.76 |
| Salaries of secretarial and clerical assistants | 116,824.00 | 1,753.28 | 118,577.28 | 118,577.28 | |
| Purchased professional - educational services | 22,000.00 | 15,790.25 | 37,790.25 | 34,590.25 | 3,200.00 |
| Supplies and materials | 5,300.00 | 2,654.00 | 7,954.00 | 7,700.16 | 253.84 |
| Other objects | 4,000.00 | 4,905.00 | 8,905.00 | 3,905.00 | 5,000.00 |
| Total undistributed expenditures - guidance | 1,046,060.00 | 28,766.17 | 1,074,826.17 | 1,063,630.57 | 11,195.60 |

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | VARIANCE FINAL TO ACTUAL |
|---|---------------------|---------------------------------------|---------------------|-------------------|--------------------------------|
| Undistributed expenditures - child study teams | | | | | |
| Salaries of other professional staff | \$ 872,841.00 | \$ (6,902.84) | \$ 865,938.16 | \$ 756,893.37 | \$ 109,044.79 |
| Salaries of secretarial and clerical assistants | 128,926.00 | 8,718.26 | 137,644.26 | 137,644.26 | |
| Purchased professional - educational services | | 5,302.22 | 5,302.22 | 5,302.22 | |
| Other purchased professional and technical services | 79,655.00 | (8,718.15) | 70,936.85 | 40,601.50 | 30,335.35 |
| Misc. purchased services (400-500 series other than resid. cost) | 5,655.00 | | 5,655.00 | | 5,655.00 |
| Supplies and materials | 11,340.00 | | 11,340.00 | 6,192.06 | 5,147.94 |
| Other objects | 40,619.87 | (5,302.22) | 35,317.65 | 29,678.94 | 5,638.71 |
| Total undistributed expenditures - child study teams | 1,139,036.87 | (6,902.73) | 1,132,134.14 | 976,312.35 | 155,821.79 |
| Undistributed expenditures - improvement of instruction: | | | | | |
| Salaries of supervisors of instruction | 428,270.00 | 21,680.75 | 449,950.75 | 449,950.75 | |
| Salaries of other professional staff | 35,000.00 | | 35,000.00 | 22,300.00 | 12,700.00 |
| Salaries of secretarial and clerical assistants | 26,188.00 | (20,771.35) | 5,416.65 | 5,416.65 | |
| Other purchased services (400-500 series) | 35,000.00 | (15,560.00) | 19,440.00 | 19,350.00 | 90.00 |
| Supplies and materials | 1,000.00 | | 1,000.00 | 178.10 | 821.90 |
| Other objects | 15,135.00 | (2,500.00) | 12,635.00 | 5,619.36 | 7,015.64 |
| Total undistributed expenditures - improvement of instruction | 540,593.00 | (17,150.60) | 523,442.40 | 502,814.86 | 20,627.54 |
| Undistributed expenditures - educational media services/ school library: | | | | | |
| Salaries | 280,751.00 | (66,017.44) | 214,733.56 | 206,227.05 | 8,506.51 |
| Other purchased services (400-500 series) | 21,926.00 | (0.25) | 21,925.75 | 19,195.76 | 2,729.99 |
| Supplies and materials | 38,250.00 | | 38,250.00 | 23,165.34 | 15,084.66 |
| Total educational media services/school library | 340,927.00 | (66,017.69) | 274,909.31 | 248,588.15 | 26,321.16 |
| Instructional staff training services: | | | | | |
| Other Salaries | 80,000.00 | (15,740.08) | 64,259.92 | 25,860.00 | 38,399.92 |
| Purchased professional-educational services | 63,000.00 | | 63,000.00 | 24,086.99 | 38,913.01 |
| Other purchased services (400-500 series) | 33,000.00 | (1,552.00) | 31,448.00 | 10,914.40 | 20,533.60 |
| Total instructional staff training services | 176,000.00 | (17,292.08) | 158,707.92 | 60,861.39 | 97,846.53 |
| Support services general administration: | | | | | |
| Salaries | 393,306.00 | (20,451.43) | 372,854.57 | 372,854.57 | |
| Legal services | 75,575.00 | 25,892.50 | 101,467.50 | 101,467.50 | |
| Audit fees | 23,169.00 | 6,581.00 | 29,750.00 | 29,750.00 | |
| Other purchased professional services | 39,000.00 | (8,572.27) | 30,427.73 | 30,362.85 | 64.88 |
| Communications/telephone | 85,000.00 | 13,190.19 | 98,190.19 | 92,397.13 | 5,793.06 |
| BOE other purchased services | 4,064.00 | (2,714.00) | 1,350.00 | 1,350.00 | |
| Other purchased services (400-500 series) | 51,550.00 | (17,470.82) | 34,079.18 | 33,314.77 | 764.41 |
| General supplies | 5,000.00 | (1,772.57) | 3,227.43 | 2,012.70 | 1,214.73 |
| BOE in-house training/meeting supplies | 4,331.88 | 472.35 | 4,804.23 | 2,964.10 | 1,840.13 |
| Miscellaneous expenditures | 20,000.00 | 3,567.18 | 23,567.18 | 23,547.97 | 19.21 |
| BOE membership dues and fees | 16,000.00 | (221.55) | 15,778.45 | 15,778.45 | |
| Total support services general administration | 716,995.88 | (1,499.42) | 715,496.46 | 705,800.04 | 9,696.42 |

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | VARIANCE FINAL TO ACTUAL |
|---|---------------------|---------------------------------------|---------------------|---------------------|--------------------------------|
| Support services school administration: | | | | | |
| Salaries of principals/assistant principals | \$ 984,922.00 | \$ 14,098.69 | \$ 999,020.69 | \$ 999,020.69 | |
| Salaries of secretarial and clerical assistants | 444,367.00 | 10,817.39 | 455,184.39 | 449,452.98 | 5,731.41 |
| Supplies and materials | 27,751.97 | | 27,751.97 | 21,822.99 | 5,928.98 |
| Other objects | 36,500.00 | (24,915.78) | 11,584.22 | 10,133.24 | 1,450.98 |
| Total support services school administration | 1,493,540.97 | 0.30 | 1,493,541.27 | 1,480,429.90 | 13,111.37 |
| Central services: | | | | | |
| Salaries | 304,103.00 | (19,192.90) | 284,910.10 | 284,910.10 | |
| Purchased technical services | 28,000.00 | 24,166.83 | 52,166.83 | 43,850.10 | 8,316.73 |
| Miscellaneous purchased services (400-500 series) | 1,200.00 | 622.88 | 1,822.88 | 1,822.88 | |
| Supplies and materials | 8,000.00 | 412.27 | 8,412.27 | 8,265.80 | 146.47 |
| Miscellaneous expenditures | 3,250.00 | (835.45) | 2,414.55 | 2,169.55 | 245.00 |
| Total central services | 344,553.00 | 5,173.63 | 349,726.63 | 341,018.43 | 8,708.20 |
| Administrative information technology: | | | | | |
| Salaries | 391,755.00 | 45,232.63 | 436,987.63 | 436,987.63 | |
| Purchased technical services | 4,061.58 | 21,947.24 | 26,008.82 | 25,801.82 | 207.00 |
| Other purchased services (400-500 series) | 500.00 | (306.00) | 194.00 | | 194.00 |
| Supplies and materials | 500.00 | (251.00) | 249.00 | 213.45 | 35.55 |
| Other objects | 3,500.00 | (1,932.84) | 1,567.16 | 1,185.00 | 382.16 |
| Total administrative information technology | 400,316.58 | 64,690.03 | 465,006.61 | 464,187.90 | 818.71 |
| Required maintenance for school facilities: | | | | | |
| Salaries | 514,314.00 | 7,100.46 | 521,414.46 | 514,672.67 | 6,741.79 |
| Cleaning, repair and maintenance services | 505,994.99 | 20,254.87 | 526,249.86 | 495,471.22 | 30,778.64 |
| General supplies | 78,826.93 | 10,122.51 | 88,949.44 | 82,309.28 | 6,640.16 |
| Other objects | 2,000.00 | 869.87 | 2,869.87 | 2,751.77 | 118.10 |
| Total required maintenance for school facilities | 1,101,135.92 | 38,347.71 | 1,139,483.63 | 1,095,204.94 | 44,278.69 |

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | FINAL TO ACTUAL |
|--|---------------------|---------------------------------------|---------------------|---------------------|--------------------|
| Custodial Services | | | | | |
| Salaries | \$ 1,153,847.00 | \$ 12,880.57 | \$ 1,166,727.57 | \$ 1,133,951.55 | \$ 32,776.02 |
| Purchased professional and technical services | 10,300.00 | (10,300.00) | | | |
| Cleaning, repair, and maintenance services | 59,675.00 | (13,708.71) | 45,966.29 | 45,744.72 | 221.57 |
| Other purchased property services | 58,100.00 | (8,993.66) | 49,106.34 | 43,567.57 | 5,538.77 |
| Insurance | 130,000.00 | (15,188.00) | 114,812.00 | 114,812.00 | |
| Miscellaneous purchased services | 200.00 | 181.30 | 381.30 | 381.30 | |
| General supplies | 112,413.50 | (103.77) | 112,309.73 | 98,527.23 | 13,782.50 |
| Energy (natural gas) | 204,450.00 | 43,882.80 | 248,332.80 | 240,201.57 | 8,131.23 |
| Energy (electricity) | 745,517.00 | (114,548.90) | 630,968.10 | 602,954.52 | 28,013.58 |
| Other objects | 1,700.00 | (900.00) | 800.00 | 800.00 | |
| Total custodial services | <u>2,476,202.50</u> | <u>(106,798.37)</u> | <u>2,369,404.13</u> | <u>2,280,940.46</u> | <u>88,463.67</u> |
| Care and upkeep of grounds | | | | | |
| Salaries | 66,923.00 | 415.96 | 67,338.96 | 67,224.31 | 114.65 |
| Grounds purchasing services | 36,123.00 | (12,327.60) | 23,795.40 | 22,715.40 | 1,080.00 |
| General supplies | 21,500.00 | 9,370.93 | 30,870.93 | 27,965.83 | 2,905.10 |
| Total care and upkeep of grounds | <u>124,546.00</u> | <u>(2,540.71)</u> | <u>122,005.29</u> | <u>117,905.54</u> | <u>4,099.75</u> |
| Security | | | | | |
| Purchased professional and technical services | 115,000.00 | (10,797.02) | 104,202.98 | 104,202.98 | |
| General Supplies | 11,000.00 | 16,715.07 | 27,715.07 | 26,847.53 | 867.54 |
| Total security | <u>126,000.00</u> | <u>5,918.05</u> | <u>131,918.05</u> | <u>131,050.51</u> | <u>867.54</u> |
| Student transportation services: | | | | | |
| Salaries for noninstructional aides | 108,412.00 | (8,621.56) | 99,790.44 | 99,790.44 | |
| Salaries for pupil transportation (bet. home and school)-reg | 132,238.00 | 116,805.00 | 249,043.00 | 249,043.00 | |
| Salaries for pupil transportation (bet. home and school)-sp. Ed. | 347,141.00 | (73,363.22) | 273,777.78 | 273,777.78 | |
| Management fee - ESC and CTSA transportation programs | 77,100.00 | (31,801.29) | 45,298.71 | 45,298.71 | |
| Other purchased professional and technical services | 11,965.00 | 28,775.00 | 40,740.00 | 40,740.00 | |
| Cleaning, repair, and maintenance services | 45,000.00 | (1,385.83) | 43,614.17 | 43,614.17 | |
| Installment purchase contract payments- school buses | 63,805.00 | (0.68) | 63,804.32 | 63,804.32 | |
| Contracted services (between home and school) - vendors | 862,833.00 | (68,280.00) | 794,553.00 | 736,154.99 | 58,398.01 |
| Contracted services (sp. ed. stds.) - joint agreements | 522,002.00 | 403,477.99 | 925,479.99 | 925,479.99 | |
| Contracted services - aid in lieu of payments - nonpublic | 322,000.00 | (41,332.60) | 280,667.40 | 280,167.40 | 500.00 |
| Miscellaneous purchased services - transportation | 20,000.00 | (4,122.00) | 15,878.00 | 15,878.00 | |
| Transportation Supplies | 32,460.00 | 11,900.53 | 44,360.53 | 42,947.88 | 1,412.65 |
| Other objects | 4,900.00 | 3,576.50 | 8,476.50 | 8,476.50 | |
| Total student transportation services | <u>2,549,856.00</u> | <u>335,627.84</u> | <u>2,885,483.84</u> | <u>2,825,173.18</u> | <u>60,310.66</u> |

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | ORIGINAL BUDGET | BUDGET TRANSFERS AND AMENDMENTS | FINAL BUDGET | ACTUAL | VARIANCE FINAL TO ACTUAL |
|---|----------------------|---------------------------------------|----------------------|----------------------|--------------------------------|
| Unallocated benefits - employee benefits: | | | | | |
| Social security contributions | \$ 553,914.00 | \$ (39,028.95) | \$ 514,885.05 | \$ 514,885.05 | |
| Other retirement contributions - PERS | 592,297.00 | 41,849.00 | 633,946.00 | 633,946.00 | |
| Other retirement contributions - Regular | 20,000.00 | (10,249.96) | 9,750.04 | 9,750.04 | |
| Unemployment Compensation | 10,000.00 | (10,000.00) | | | |
| Workers' compensation | 260,363.00 | 14,431.92 | 274,794.92 | 274,794.92 | |
| Health benefits | 5,026,140.00 | (126,164.39) | 4,899,975.61 | 4,899,250.41 | 725.20 |
| Tuition reimbursement | 190,000.00 | (9,574.00) | 180,426.00 | 180,425.49 | 0.51 |
| Other employee benefits | 125,000.00 | (109,242.40) | 15,757.60 | 15,020.62 | 736.98 |
| Unused Sick Payment to Terminated/Retired Staff | 88,250.00 | 4,167.40 | 92,417.40 | 92,417.40 | |
| Total unallocated benefits - employee benefits | 6,865,964.00 | (244,011.38) | 6,621,952.62 | 6,620,489.93 | 1,462.69 |
| Reimbursed TPAF social security contributions (non-budgeted) | | | | 1,234,724.99 | (1,234,724.99) |
| On-behalf TPAF pension (non-budgeted) | | | | 6,257,395.00 | (6,257,395.00) |
| On-behalf TPAF non-contributory insurance (non-budgeted) | | | | 88,283.00 | (88,283.00) |
| On-behalf TPAF long-term disability insurance (non-budgeted) | | | | 1,998.00 | (1,998.00) |
| On-behalf TPAF post retirement medical (non-budgeted) | | | | 1,482,607.00 | (1,482,607.00) |
| Total on-behalf TPAF contributions | | | | 9,065,007.99 | (9,065,007.99) |
| Total undistributed expenditures | 24,056,727.72 | 4,902.13 | 24,061,629.85 | 31,737,606.04 | (7,675,976.19) |
| Total expenditures - current expense | 41,623,015.75 | 4,403.73 | 41,627,419.48 | 47,887,877.57 | (6,260,458.09) |
| CAPITAL OUTLAY: | | | | | |
| Equipment: | | | | | |
| Multiple Disabilities | | 9,000.00 | 9,000.00 | 8,646.30 | 353.70 |
| Undistributed expenditures: | | | | | |
| Administrative information technology | 150,804.18 | | 150,804.18 | 54,851.00 | 95,953.18 |
| Required maintenance for school facilities | 53,428.00 | | 53,428.00 | 53,428.00 | |
| Student transportation-non-instructional equipment | 5,500.00 | (5,500.00) | | | |
| Total equipment | 209,732.18 | 3,500.00 | 213,232.18 | 116,925.30 | 96,306.88 |
| Facilities acquisition and construction services: | | | | | |
| Construction services | 20,090.02 | 554,151.00 | 574,241.02 | 270,911.00 | 303,330.02 |
| Land Improvements | 44,000.00 | (44,000.00) | | | |
| Infrastructure | 38,000.00 | (38,000.00) | | | |
| Assessment for debt service on SDA funding | 89,846.00 | | 89,846.00 | 89,846.00 | |
| Capital reserve transfer to capital projects | 352,300.00 | (352,300.00) | | | |
| Total facilities acquisition and construction services | 544,236.02 | 119,851.00 | 664,087.02 | 360,757.00 | 303,330.02 |
| Assets acquired under Installment purchase contracts (non-budgeted) | | | | | |
| School buses - regular | | | | 118,950.59 | (118,950.59) |
| TOTAL CAPITAL OUTLAY | 753,968.20 | 123,351.00 | 877,319.20 | 596,632.89 | 280,686.31 |
| Transfer of Funds to Charter School | 13,403.00 | (13,403.00) | | | |
| TOTAL EXPENDITURES | 42,390,386.95 | 114,351.73 | 42,504,738.68 | 48,484,510.46 | (5,979,771.78) |

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>ORIGINAL</u> <u>BUDGET</u> | <u>BUDGET</u> <u>TRANSFERS AND</u> <u>AMENDMENTS</u> | <u>FINAL</u> <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> <u>FINAL TO</u> <u>ACTUAL</u> |
|--|----------------------------------|--|-------------------------------|-------------------------|---|
| Excess (deficiency) of revenues over (under) expenditures | \$ (2,640,667.95) | \$ (114,351.73) | \$ (2,755,019.68) | \$ 1,806,888.87 | \$ 4,561,908.55 |
| Other financing sources (uses): | | | | | |
| Installment purchase contracts (non-budgeted) | | | | 118,950.59 | 118,950.59 |
| Total other financing sources (uses) | | | | 118,950.59 | 118,950.59 |
| Excess (deficiency) of revenues and Other financing sources over (under) Expenditures and other financing (uses) | <u>(2,640,667.95)</u> | <u>(114,351.73)</u> | <u>(2,755,019.68)</u> | <u>1,925,839.46</u> | <u>4,680,859.14</u> |
| Fund Balances, July 1, | <u>8,967,316.93</u> | | <u>8,967,316.93</u> | <u>8,967,316.93</u> | |
| Fund Balances, June 30 | <u>\$ 6,326,648.98</u> | <u>\$ (114,351.73)</u> | <u>\$ 6,212,297.25</u> | <u>10,893,156.39</u> | <u>\$ 4,680,859.14</u> |
| Recapitulation of fund balance: | | | | | |
| Restricted: | | | | | |
| Excess surplus - designated for subsequent year's expenditures | | | | \$ 1,491,410.51 | |
| Maintenance reserve | | | | 903,459.00 | |
| Capital reserve | | | | 5,086,451.34 | |
| Unemployment Compensation | | | | 99,621.30 | |
| Assigned: | | | | | |
| Encumbrances | | | | 335,515.16 | |
| Designated for subsequent year's expenditures | | | | 584,260.49 | |
| FFCRA/SEMI-Designated for subsequent year's expenditures | | | | 764.51 | |
| Unassigned fund balance | | | | <u>2,391,674.08</u> | |
| | | | | 10,893,156.39 | |
| Reconciliation to governmental funds statements (GAAP): | | | | | |
| Deferred state aid payments not recognized on GAAP basis | | | | (163,921.00) | |
| Fund balance per governmental funds (GAAP) | | | | <u>\$ 10,729,235.39</u> | |

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>ORIGINAL BUDGET</u> | <u>BUDGET TRANSFERS</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FINAL TO ACTUAL</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------------|-------------------------------------|
| REVENUES: | | | | | |
| State sources | \$ 159,887.00 | \$ 125,642.00 | \$ 285,529.00 | \$ 259,315.04 | \$ (26,213.96) |
| Federal sources | 570,062.00 | 1,238,177.03 | 1,808,239.03 | 983,274.71 | (824,964.32) |
| Other sources | 500.00 | 969,247.93 | 969,747.93 | 528,324.57 | (441,423.36) |
| Total revenues | <u>730,449.00</u> | <u>2,333,066.96</u> | <u>3,063,515.96</u> | <u>1,770,914.32</u> | <u>(1,292,601.64)</u> |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of teachers | 40,339.00 | 81,643.49 | 121,982.49 | 55,488.34 | 66,494.15 |
| Purchased professional - Educational Services | 46,032.00 | 85,047.00 | 131,079.00 | 121,861.04 | 9,217.96 |
| Tuition | 388,791.00 | 90,427.00 | 479,218.00 | 479,218.00 | |
| General Supplies | 500.00 | 53,477.42 | 53,977.42 | 36,729.33 | 17,248.09 |
| Textbooks | 24,668.00 | | 24,668.00 | 24,602.00 | 66.00 |
| Other objects | | 2,000.00 | 2,000.00 | 2,000.00 | |
| Total instruction | <u>500,330.00</u> | <u>312,594.91</u> | <u>812,924.91</u> | <u>719,898.71</u> | <u>93,026.20</u> |
| Support services: | | | | | |
| Salaries | 7,500.00 | | 7,500.00 | 7,500.00 | |
| Employee benefits | 17,028.00 | 3,888.00 | 20,916.00 | 20,545.81 | 370.19 |
| Professional tech services | 170,440.00 | 334,183.00 | 504,623.00 | 210,359.04 | 294,263.96 |
| Other purchased services | | 38,983.00 | 38,983.00 | 33,424.00 | 5,559.00 |
| Supplies & Materials | 23,020.00 | 11,029.03 | 34,049.03 | 32,605.11 | 1,443.92 |
| Other objects | 12,131.00 | 4,218.00 | 16,349.00 | 16,293.50 | 55.50 |
| Scholarships awarded | | 129,962.01 | 129,962.01 | 8,450.00 | 121,512.01 |
| Student Activities | | 766,697.01 | 766,697.01 | 450,495.05 | 316,201.96 |
| Total support services | <u>230,119.00</u> | <u>1,288,960.05</u> | <u>1,519,079.05</u> | <u>779,672.51</u> | <u>739,406.54</u> |
| Facilities acquisition and construction services: | | | | | |
| Construction services | | 731,512.00 | 731,512.00 | 254,394.00 | 477,118.00 |
| Total facilities acquisition and construction serv. | | <u>731,512.00</u> | <u>731,512.00</u> | <u>254,394.00</u> | <u>477,118.00</u> |
| Total expenditures | <u>\$ 730,449.00</u> | <u>\$ 2,333,066.96</u> | <u>\$ 3,063,515.96</u> | <u>\$ 1,753,965.22</u> | <u>\$ 1,309,550.74</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | | | <u>16,949.10</u> | <u>16,949.10</u> |
| Fund Balance, July 1 | | | | <u>420,764.87</u> | |
| Fund Balance, June 30 | | | | <u>\$ 437,713.97</u> | |

SOMERSET HILLS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Explanation of difference between budgetary inflows and outflows
and GAAP Revenues and Expenditures

| | <u>GENERAL FUND</u> | <u>SPECIAL REVENUE FUND</u> |
|--|-------------------------|-------------------------------------|
| Sources/inflows of resources | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | \$ 50,291,399.33 | \$ 1,770,914.32 |
| Difference - budget to GAAP: | | |
| The deferred State aid payments are recognized as revenue for budgetary purposes and differs from GAAP which does not recognize the revenue until the subsequent year when the State recognizes the related expense (GASB 33). | (163,921.00) | |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | 139,753.00 | |
| Adjust for encumbrances: | | |
| Add prior year encumbrances | | 4,966.05 |
| Less prior year encumbrances canceled | | (3,532.47) |
| Less current year encumbrances | | (28,409.97) |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | <u>\$ 50,267,231.33</u> | <u>\$ 1,743,937.93</u> |
| Uses/outflows of resources | | |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule | \$ 48,484,510.46 | \$ 1,753,965.22 |
| Difference - budget to GAAP: | | |
| Adjust for encumbrances: | | |
| Add prior year encumbrances | | 4,966.05 |
| Less prior year encumbrances canceled | | (3,532.47) |
| Less current year encumbrances | | (28,409.97) |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds | <u>\$ 48,484,510.46</u> | <u>\$ 1,726,988.83</u> |

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

| Measurement Date Ending June 30, | District's Proportion of the Net Pension Liability (Asset) | District's Proportionate Share of the Net Pension Liability (Asset) | District's Covered-Employee Payroll | District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll | Plan Fiduciary Net Position as a percentage of the total Pension Liability |
|----------------------------------|--|---|-------------------------------------|---|--|
| 2013 | 0.0450460784% | \$ 8,609,201 | \$ 3,017,655.00 | 285.29% | 48.72% |
| 2014 | 0.0462549334% | 8,660,189 | 3,189,349.00 | 271.53% | 52.08% |
| 2015 | 0.0465312552% | 10,445,334 | 3,138,013.00 | 332.86% | 47.92% |
| 2016 | 0.0458652128% | 13,583,961 | 3,000,955.00 | 452.65% | 40.14% |
| 2017 | 0.0439164493% | 10,223,047 | 3,051,348.00 | 335.03% | 48.10% |
| 2018 | 0.0451675304% | 8,893,262 | 3,354,474.00 | 265.12% | 53.60% |
| 2019 | 0.0487885625% | 8,790,959 | 3,481,008.00 | 252.54% | 56.27% |
| 2020 | 0.0522369604% | 8,518,482 | 3,868,848.00 | 220.18% | 58.32% |
| 2021 | 0.0541317750% | 6,412,720 | 3,889,574.00 | 164.87% | 70.33% |

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

| Fiscal Year Ending <u>June 30,</u> | Contractually Required <u>Contribution</u> | Contributions in Relation to the Contractually Required <u>Contributions</u> | Contribution Deficiency <u>(Excess)</u> | District's Covered- Employee <u>Payroll</u> | Contributions as a Percentage of Covered- Employee <u>Payroll</u> |
|--|--|--|---|--|---|
| 2014 | \$ 381,319 | \$ 381,319 | \$ -0- | 3,189,349.00 | 11.96% |
| 2015 | 400,044 | 400,044 | -0- | 3,138,013.00 | 12.75% |
| 2016 | 407,460 | 407,460 | -0- | 3,000,955.00 | 13.58% |
| 2017 | 406,839 | 406,839 | -0- | 3,051,348.00 | 13.33% |
| 2018 | 449,271 | 449,271 | -0- | 3,354,474.00 | 13.39% |
| 2019 | 474,572 | 474,572 | -0- | 3,481,008.00 | 13.63% |
| 2020 | 571,447 | 571,447 | -0- | 3,868,848.00 | 14.77% |
| 2021 | 633,946 | 633,946 | -0- | 3,889,574.00 | 16.30% |
| 2022 | 678,910 | 678,910 | -0- | \$ 4,032,735.00 | 16.83% |

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND
LAST TEN YEARS

| Measurement Date Ending June 30, | District's Proportion of the Net Pension Liability (Asset) | District's Proportionate Share of the Net Pension Liability (Asset) | State's Proportionate Share of the Net Pension Liability (Asset) associated with the District | District's Covered-Employee Payroll | District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll | State's Proportionate Share of the Total Net Pension Liability associated with the District as a percentage of the District's Covered-Employee Payroll | Plan Fiduciary Net Position as a percentage of the total Pension Liability |
|----------------------------------|--|---|---|-------------------------------------|---|--|--|
| 2013 | 0.1628803006% | \$ -0- | \$ 82,318,423 | 15,029,227.00 | -0- | 547.72% | 33.76% |
| 2014 | 0.1529963162% | -0- | 81,771,552 | 15,488,199.00 | -0- | 527.96% | 33.64% |
| 2015 | 0.1553602551% | -0- | 98,194,502 | 15,152,689.00 | -0- | 648.03% | 28.71% |
| 2016 | 0.1523812979% | -0- | 119,872,831 | 15,755,075.00 | -0- | 760.85% | 22.33% |
| 2017 | 0.1502021496% | -0- | 101,271,705 | 16,527,482.00 | -0- | 612.75% | 25.41% |
| 2018 | 0.1504063261% | -0- | 95,685,274 | 16,527,482.00 | -0- | 578.95% | 26.49% |
| 2019 | 0.1506207251% | -0- | 92,437,361 | 16,124,957.00 | -0- | 573.26% | 26.95% |
| 2020 | 0.1534171646% | -0- | 101,023,357 | 16,840,108.00 | -0- | 599.90% | 24.60% |
| 2021 | 0.1477043547% | -0- | 71,009,147 | 17,044,531.00 | -0- | 416.61% | 35.52% |

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SOMERSET HILLS SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

| Measurement Date Ending <u>June 30,</u> | Discount <u>Rate</u> | Long-Term Expected Rate of <u>Return</u> | Actuarial Experience <u>Study Period</u> |
|---|-------------------------|---|--|
| 2021 | 7.00% | 7.00% | 07/01/14-06/30/18 |
| 2020 | 7.00% | 7.00% | 07/01/14-06/30/18 |
| 2019 | 6.28% | 7.00% | 07/01/14-06/30/18 |
| 2018 | 5.66% | 7.00% | 07/01/11-06/30/14 |
| 2017 | 5.00% | 7.00% | 07/01/11-06/30/14 |
| 2016 | 3.98% | 7.65% | 07/01/11-06/30/14 |
| 2015 | 4.90% | 7.90% | 07/01/08-06/30/11 |
| 2014 | 5.39% | 7.90% | 07/01/08-06/30/11 |
| 2013 | 5.55% | 7.90% | 07/01/08-06/30/11 |

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

REQUIRED SUPPLEMENTARY INFORMATION - PART IV

SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (GASB 75)

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS

| | Measurement Date Ended June 30, | | | | |
|--|---------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the School District | | | | | |
| Balance at 6/30 | \$ 82,786,509.00 | \$ 51,965,806.00 | \$ 56,807,974.00 | \$ 65,037,199.00 | \$ 70,076,647.00 |
| Changes for the year: | | | | | |
| Service cost | 4,169,354.00 | 2,314,172.00 | 2,066,523.00 | 2,352,810.00 | 2,840,160.00 |
| Interest | 1,903,085.00 | 1,875,552.00 | 2,248,775.00 | 2,386,542.00 | 2,057,598.00 |
| Changes of benefit terms | (78,085.00) | | | | |
| Differences between expected and actual experience | (14,040,892.00) | 12,906,290.00 | (8,384,371.00) | (4,983,053.00) | - |
| Changes in assumptions or other inputs | 72,377.00 | 15,122,250.00 | 774,814.00 | (6,518,999.00) | (8,486,275.00) |
| Membership Contributions | 48,653.00 | 43,684.00 | 47,286.00 | 52,500.00 | 55,469.00 |
| Benefit payments - Net | (1,499,098.00) | (1,441,245.00) | (1,595,195.00) | (1,519,025.00) | (1,506,400.00) |
| Net changes | <u>(9,424,606.00)</u> | <u>30,820,703.00</u> | <u>(4,842,168.00)</u> | <u>(8,229,225.00)</u> | <u>(5,039,448.00)</u> |
| Balance at 6/30 | <u>\$ 73,361,903.00</u> | <u>\$ 82,786,509.00</u> | <u>\$ 51,965,806.00</u> | <u>\$ 56,807,974.00</u> | <u>\$ 65,037,199.00</u> |
| Covered Employee Payroll | \$ 20,934,105.00 | \$ 20,708,956.00 | \$ 19,605,965.00 | \$ 19,881,956.00 | \$ 19,578,830.00 |
| District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll | -0- | -0- | -0- | -0- | -0- |
| Total OPEB Liability as a percentage of Covered Employee Payroll | 350.44% | 399.76% | 265.05% | 285.73% | 332.18% |

Note: Schedule is intended to show ten-year trend. Additional years will be reported as they become available.

SOMERSET HILLS SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Change in benefit terms:

The implementation of Chapter 44 Plan and contribution strategy affecting pre-Medicare future and current retirees and dependents who enroll in the New Jersey Educator Health Plan option upon retirement and were not grandfathered under Chapter 78 (fewer than 20 years of service as of July 1, 2011) is reflected for the Fiscal Year Ending June 30, 2022 as a Plan change.

Change in assumptions:

The following assumptions were used in calculating the net OPEB liability in their respective accounting periods:

| Measurement Date Ending <u>June 30,</u> | Discount <u>Rate</u> |
|---|-------------------------|
| 2021 | 2.16% |
| 2020 | 2.21% |
| 2019 | 3.50% |
| 2018 | 3.87% |

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | IDEA PART B BASIC | ESEA TITLE I PART A | ESEA TITLE III | ESEA TITLE III IMMIGRATION | ESEA TITLE IIA | IDEA PART B PRESCHOOL |
|--|----------------------|---------------------------|---------------------|----------------------------------|---------------------|--------------------------|
| REVENUES: | | | | | | |
| State sources | \$ 423,078.25 | \$ 90,181.21 | \$ 27,192.00 | \$ 9,045.08 | \$ 29,948.79 | \$ 17,335.00 |
| Federal sources | | | | | | |
| Local sources | | | | | | |
| Total revenues | <u>\$ 423,078.25</u> | <u>\$ 90,181.21</u> | <u>\$ 27,192.00</u> | <u>\$ 9,045.08</u> | <u>\$ 29,948.79</u> | <u>\$ 17,335.00</u> |
| EXPENDITURES: | | | | | | |
| Instruction: | | | | | | |
| Salaries - instruction - Sal. of teachers | \$ | \$ 40,770.49 | \$ | \$ 2,500.00 | \$ | \$ |
| Purchased services - instruction | | | | | | |
| Tuition | 388,791.00 | | | | | |
| Instructional supplies - instruction | | 25,182.91 | | | | |
| Textbooks | | 2,000.00 | | | | |
| Other Objects - instruction | | | | | | |
| Total instruction | <u>388,791.00</u> | <u>67,953.40</u> | | <u>2,500.00</u> | | |
| Support services: | | | | | | |
| Salaries - support | | | 7,500.00 | | | |
| Employee Benefits | | 20,545.81 | | | | |
| Professional tech services - support | 34,287.25 | 1,632.00 | 5,000.00 | | 29,948.79 | 17,335.00 |
| Other purchased services - support | | | | | | |
| Supplies and materials - support | | | | 6,545.08 | | |
| Other objects - support | | 90.00 | 14,682.00 | | | |
| Scholarships awarded | | | | | | |
| Student Activities | | | | | | |
| Total support services | <u>34,287.25</u> | <u>22,227.81</u> | <u>27,192.00</u> | <u>6,545.08</u> | <u>29,948.79</u> | <u>17,335.00</u> |
| Facilities acquisition and construction serv: | | | | | | |
| Construction Services | | | | | | |
| Total facilities acquisition and construction serv. | | | | | | |
| Total expenditures | <u>\$ 423,078.25</u> | <u>\$ 90,181.21</u> | <u>\$ 27,192.00</u> | <u>\$ 9,045.08</u> | <u>\$ 29,948.79</u> | <u>\$ 17,335.00</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | | | | | |
| Fund Balance, July 1 | - | - | - | - | - | - |
| Fund Balance, June 30 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | ESEA TITLE IV | CARES- ESSER I | ARP IDEA BASIC | CRRSA ESSER II | CRRSA LEARNING ACCEL | CRRSA MENTAL HEALTH | ACERS ARR SLFRF |
|--|---------------------|-------------------|---------------------|----------------------|-------------------------|------------------------|---------------------|
| REVENUES: | | | | | | | |
| State sources | \$ 12,451.50 | \$ 147.03 | \$ 91,372.00 | \$ 212,294.00 | \$ 5,021.20 | \$ 1,650.00 | \$ 22,802.00 |
| Federal sources | | | | | | | |
| Local sources | | | | | | | |
| Total revenues | \$ 12,451.50 | \$ 147.03 | \$ 91,372.00 | \$ 212,294.00 | \$ 5,021.20 | \$ 1,650.00 | \$ 22,802.00 |
| EXPENDITURES: | | | | | | | |
| Instruction: | | | | | | | |
| Salaries - instruction - Sal. of teachers | \$ | \$ | \$ | \$ | \$ 5,021.20 | \$ | \$ |
| Purchased services - instruction | | | | | | | |
| Tuition | | | 90,427.00 | | | | |
| Instructional supplies - instruction | | | | | | | |
| Textbooks | | | | | | | |
| Other Objects - instruction | | | | | | | |
| Total instruction | | | 90,427.00 | | 5,021.20 | | |
| Support services: | | | | | | | |
| Salaries - support | | | | | | | |
| Employee Benefits | | | | | | | |
| Professional tech services - support | 10,900.00 | | 945.00 | | | 1,650.00 | 22,802.00 |
| Other purchased services - support | | | | | | | |
| Supplies and materials - support | | 147.03 | | | | | |
| Other objects - support | 1,551.50 | | | | | | |
| Scholarships awarded | | | | | | | |
| Student Activities | | | | | | | |
| Total support services | 12,451.50 | 147.03 | 945.00 | | | 1,650.00 | 22,802.00 |
| Facilities acquisition and construction serv: | | | | | | | |
| Construction Services | | | | 212,294.00 | | | |
| Total facilities acquisition and construction serv. | | | | 212,294.00 | | | |
| Total expenditures | \$ 12,451.50 | \$ 147.03 | \$ 91,372.00 | \$ 212,294.00 | \$ 5,021.20 | \$ 1,650.00 | \$ 22,802.00 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | | | | | | |
| Fund Balance, July 1 | | | | | | | |
| Fund Balance, June 30 | | | | | | | |

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | ARP ESSER EVID BAS SMR LRNG | ARP ESSER EVID BAS COMP BYD SD | ARP ESSER NJTSS MENT HLTH | SDA FY22 EMERGICAPIT | ARP ESSER ACC LRNG COACH |
|--|--------------------------------|-----------------------------------|------------------------------|-------------------------|-----------------------------|
| REVENUES: | | | | | |
| State sources | \$ 7,770.00 | \$ 886.65 | \$ 15,000.00 | \$ 46,400.00 | \$ 17,100.00 |
| Federal sources | | | | | |
| Local sources | | | | | |
| Total revenues | \$ 7,770.00 | \$ 886.65 | \$ 15,000.00 | \$ 46,400.00 | \$ 17,100.00 |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries - instruction - Sal. of teachers | \$ | \$ 886.65 | \$ | | \$ |
| Purchased services - instruction | | | | | |
| Tuition | 7,770.00 | | | | |
| Instructional supplies - instruction | | | | | |
| Textbooks | | | | | |
| Other Objects - instruction | | | | | |
| Total instruction | 7,770.00 | 886.65 | | | |
| Support services: | | | | | |
| Salaries - support | | | | | |
| Employee Benefits | | | 15,000.00 | | 17,100.00 |
| Professional tech services - support | | | | 4,300.00 | |
| Other purchased services - support | | | | | |
| Supplies and materials - support | | | | | |
| Other objects - support | | | | | |
| Scholarships awarded | | | | | |
| Student Activities | | | | | |
| Total support services | | | 15,000.00 | 4,300.00 | 17,100.00 |
| Facilities acquisition and construction serv: | | | | | |
| Construction Services | | | | 42,100.00 | |
| Total facilities acquisition and construction serv. | | | | 42,100.00 | |
| Total expenditures | \$ 7,770.00 | \$ 886.65 | \$ 15,000.00 | \$ 46,400.00 | \$ 17,100.00 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | | | | |
| Fund Balance, July 1 | | | | | - |
| Fund Balance, June 30 | | | | | - |

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | LOCAL GRANTS | SCHOLARSHIP FUND | STUDENT ACTIVITY FUND | NON-PUBLIC SECURITY | NON-PUBLIC TRANSPORTATION | NON-PUBLIC TECHNOLOGY | NON-PUBLIC EXAMINATION/ CLASSIFICATION |
|--|--------------|------------------|-----------------------|---------------------|---------------------------|-----------------------|--|
| REVENUES: | | | | | | | |
| State sources | \$ 52,430.42 | \$ | \$ 474,276.27 | \$ 53,759.00 | \$ 4,124.00 | \$ 16,339.00 | \$ 21,614.04 |
| Federal sources | | 1,617.88 | | | | | |
| Local sources | \$ 52,430.42 | \$ 1,617.88 | \$ 474,276.27 | \$ 53,759.00 | \$ 4,124.00 | \$ 16,339.00 | \$ 21,614.04 |
| Total revenues | | | | | | | |
| EXPENDITURES: | | | | | | | |
| Instruction: | | | | | | | |
| Salaries - instruction - Sal. of teachers | \$ 6,310.00 | \$ | \$ | \$ | \$ | \$ | \$ 21,614.04 |
| Purchased services - instruction | | | | | | | |
| Tuition | | | | | | | |
| Instructional supplies - instruction | 11,546.42 | | | | | | |
| Textbooks | | | | | | | |
| Other Objects - instruction | | | | | | | |
| Total instruction | 17,856.42 | | | | | | 21,614.04 |
| Support services: | | | | | | | |
| Salaries - support | | | | | | | |
| Employee Benefits | | | | 53,759.00 | | | |
| Professional tech services - support | | | | | 4,124.00 | | |
| Other purchased services - support | 25,000.00 | | | | | 16,339.00 | |
| Supplies and materials - support | 9,574.00 | | | | | | |
| Other objects - support | | | | | | | |
| Scholarships awarded | | 8,450.00 | | | | | |
| Student Activities | | | 450,495.05 | | | | |
| Total support services | 34,574.00 | 8,450.00 | 450,495.05 | 53,759.00 | 4,124.00 | 16,339.00 | |
| Facilities acquisition and construction serv: | | | | | | | |
| Construction Services | | | | | | | |
| Total facilities acquisition and construction serv. | | | | | | | |
| Total Expenditures | \$ 52,430.42 | \$ 8,450.00 | \$ 450,495.05 | \$ 53,759.00 | \$ 4,124.00 | \$ 16,339.00 | \$ 21,614.04 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | (6,832.12) | 23,781.22 | \$ | \$ | \$ | \$ |
| Fund Balance, July 1 | - | 128,344.13 | 292,420.74 | - | - | - | - |
| Fund Balance, June 30 | \$ - | \$ 121,512.01 | \$ 316,201.96 | \$ - | \$ - | \$ - | \$ - |

SOMERSET HILLS SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | NON-PUBLIC TEXTBOOKS | NON-PUBLIC COMPENSATORY EDUCATION | NON-PUBLIC SUPPLEMENTAL INSTRUCTION | NON-PUBLIC CORRECTIVE SPEECH | NON-PUBLIC NURSING SERVICES | TOTAL |
|--|-------------------------|---|---|------------------------------------|-----------------------------------|-----------------|
| REVENUES: | | | | | | |
| State sources | \$ 24,602.00 | \$ 16,017.00 | \$ 10,738.00 | \$ 19,902.00 | \$ 45,820.00 | \$ 259,315.04 |
| Federal sources | | | | | | 983,274.71 |
| Local sources | | | | | | 528,324.57 |
| Total revenues | \$ 24,602.00 | \$ 16,017.00 | \$ 10,738.00 | \$ 19,902.00 | \$ 45,820.00 | \$ 1,770,914.32 |
| EXPENDITURES: | | | | | | |
| Instruction: | | | | | | |
| Salaries - instruction - Sal. of teachers | | \$ | \$ | \$ | \$ 0.00 | \$ 55,488.34 |
| Purchased services - instruction | | \$ 16,017.00 | \$ 10,738.00 | \$ 19,902.00 | \$ 45,820.00 | \$ 121,861.04 |
| Tuition | | | | | | \$ 479,218.00 |
| Instructional supplies - instruction | | | | | | \$ 36,729.33 |
| Textbooks | 24,602.00 | | | | | \$ 24,602.00 |
| Other Objects - instruction | | | | | | \$ 2,000.00 |
| Total instruction | 24,602.00 | 16,017.00 | 10,738.00 | 19,902.00 | 45,820.00 | 719,898.71 |
| Support services: | | | | | | |
| Salaries - support | | | | | | \$ 7,500.00 |
| Employee Benefits | | | | | | \$ 20,545.81 |
| Professional tech services - support | | | | | | \$ 210,359.04 |
| Other purchased services - support | | | | | | \$ 33,424.00 |
| Supplies and materials - support | | | | | | \$ 32,605.11 |
| Other objects - support | | | | | | \$ 16,293.50 |
| Scholarships awarded | | | | | | \$ 8,450.00 |
| Student Activities | | | | | | \$ 450,495.05 |
| Total support services | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 779,672.51 |
| Facilities acquisition and construction serv: | | | | | | |
| Construction Services | | 0.00 | | | | \$ 254,394.00 |
| Total facilities acquisition and construction serv. | 0.00 | 0.00 | | 0.00 | 0.00 | 254,394.00 |
| Total expenditures | \$ 24,602.00 | \$ 16,017.00 | \$ 10,738.00 | \$ 19,902.00 | \$ 45,820.00 | \$ 1,753,965.22 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 16,949.10 |
| Fund Balance, July 1 | | | | | | 420,764.87 |
| Fund Balance, June 30 | | | | | | \$ 437,713.97 |

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
AS OF JUNE 30, 2022

| <u>ISSUE/PROJECT TITLE</u> | <u>APPROPRIATIONS</u> | <u>EXPENDITURES TO DATE</u> | | <u>UNEXPENDED PROJECT BALANCE</u> |
|--|------------------------|-----------------------------|---------------------|-----------------------------------|
| | | <u>PRIOR YEAR</u> | <u>CURRENT YEAR</u> | |
| Improvements to High School Student Access | \$ 143,061.08 | \$ 48,681.20 | \$ 0.00 | \$ 94,379.88 |
| Improvements to Bernardsville Middle School Walkway | 142,767.78 | 127,767.78 | 0.00 | 15,000.00 |
| Bernardsville High School Library | 3,155,814.51 | 3,138,612.79 | 0.00 | 17,201.72 |
| Improvements to Bernardsville High School S/E Wing | 1,063,226.42 | 974,812.79 | 0.00 | 88,413.63 |
| Improvements to Bernardsville High School Parking & Ramp | 869,693.49 | 835,811.74 | 0.00 | 33,881.75 |
| Improvements to Auditorium | 1,387,555.00 | 1,265,240.73 | 0.00 | 122,314.27 |
| Totals | \$ 6,762,118.28 | \$ 6,390,927.03 | \$ 0.00 | \$ 371,191.25 |

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>REVISED AUTHORIZED COST</u> |
|---|--|
| Fund balance - beginning - budgetary basis | \$ <u>371,191.25</u> |
| Fund balance - ending - budgetary basis | \$ <u><u>371,191.25</u></u> |
| <u>Reconciliation to GAAP Financial Statements:</u> | |
| Fund Balance- Budgetary Basis (Exhibit F-2) | \$ <u>371,191.25</u> |
| Fund Balance- GAAP Basis (Exhibit B-1) | \$ <u><u>371,191.25</u></u> |
| | |
| Restricted for Capital Projects | \$ <u>371,191.25</u> |
| | \$ <u><u>371,191.25</u></u> |

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
IMPROVEMENTS TO BERNARDS HIGH SCHOOL STUDENT ACCESS AND ENTRANCE FIELD

| | <u>For the Fiscal Year Ended June 30, 2022</u> | | | <u>Revised Authorized Cost</u> |
|--|--|---------------------|---------------------|--|
| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | |
| Revenues and Other Financing Sources: | | | | |
| Local Sources: | | | | |
| Transfer from capital reserve | \$ 36,300.00 | \$ | \$ 36,300.00 | 36,300.00 |
| Transfer within bond referendum projects | 106,761.08 | | 106,761.08 | 106,761.08 |
| Total revenues | <u>143,061.08</u> | | <u>143,061.08</u> | <u>143,061.08</u> |
| Expenditures and Other Financing Uses: | | | | |
| Purchased professional and technical services | 29,966.20 | | 29,966.20 | 35,300.00 |
| Construction services | 18,715.00 | | 18,715.00 | 107,761.08 |
| Total expenditures | <u>48,681.20</u> | | <u>48,681.20</u> | <u>143,061.08</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 94,379.88</u> | <u>\$</u> | <u>\$ 94,379.88</u> | <u>\$</u> |
| Additional project information: | | | | |
| Project Number | N/A | | | |
| Grant Date | N/A | | | |
| Bond Authorization Date | | | | |
| Bonds Authorized | | | | |
| Bonds Issued | | | | |
| SCC Amount | N/A | | | |
| Local Share | N/A | | | |
| Original Authorized Cost | 36,300.00 | | | |
| Revised Authorized Cost | 143,061.08 | | | |
| Percentage Increase Over Original | | | | |
| Authorized Cost | NONE | | | |
| Percentage completion | 34% | | | |
| Original target completion date | 6/30/2020 | | | |
| Revised target completion date | 6/30/2023 | | | |

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
IMPROVEMENTS TO BERNARDS HIGH SCHOOL AUDITORIUM

| | <u>For the Fiscal Year Ended June 30, 2022</u> | | | <u>Revised Authorized Cost</u> |
|--|--|---------------------|----------------------|--|
| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | |
| Revenues and Other Financing Sources: | | | | |
| Transfer from capital reserve | \$ 818,013.00 | \$ | \$ 818,013.00 | \$ 818,013.00 |
| NJ SDA Grant | 569,542.00 | | 569,542.00 | 569,542.00 |
| Total revenues | <u>1,387,555.00</u> | | <u>1,387,555.00</u> | <u>1,387,555.00</u> |
| Expenditures and Other Financing Uses: | | | | |
| Purchased professional and technical services | 127,901.45 | | 127,901.45 | 127,901.45 |
| Construction services | 1,008,339.28 | | 1,008,339.28 | 1,008,339.28 |
| Transfer to Debt Service Fund | 129,000.00 | | 129,000.00 | 251,314.27 |
| Total expenditures | <u>1,265,240.73</u> | | <u>1,265,240.73</u> | <u>1,387,555.00</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 122,314.27</u> | <u>\$</u> | <u>\$ 122,314.27</u> | <u>\$</u> |
| Additional project information: | | | | |
| Project Number | 4815-020-14-G3JZ | | | |
| Grant Date | 5/2/2014 | | | |
| Original Authorized Cost | 1,423,855.00 | | | |
| Additional Authorized Cost | N/A | | | |
| Revised Authorized Cost | 1,387,555.00 | | | |
| Percentage Increase Over Original Authorized Costs | | | | |
| Percentage completion | 91% | | | |
| Original target completion date | 6/30/2016 | | | |
| Revised target completion date | 6/30/2023 | | | |

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
IMPROVEMENTS TO BERNARDSVILLE MIDDLE SCHOOL WALKWAY AND TEACHER'S PARKING LOT

| | <u>For the Fiscal Year Ended June 30, 2022</u> | | | <u>Revised Authorized Cost</u> |
|---|--|---------------------|---------------------|--|
| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | |
| Revenues and Other Financing Sources: | | | | |
| Bond Proceeds | \$ 108,291.20 | \$ | \$ 108,291.20 | \$ 108,291.20 |
| Transfer within bond referendum projects | 34,476.58 | | 34,476.58 | 34,476.58 |
| Total revenues | <u>142,767.78</u> | | <u>142,767.78</u> | <u>142,767.78</u> |
| Expenditures and Other Financing Uses: | | | | |
| Purchased professional and technical services | 9,694.25 | | 9,694.25 | 9,694.25 |
| Construction services | 118,073.53 | | 118,073.53 | 133,073.53 |
| Total expenditures | <u>127,767.78</u> | | <u>127,767.78</u> | <u>142,767.78</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 15,000.00</u> | <u>\$</u> | <u>\$ 15,000.00</u> | <u>\$</u> |
| Additional project information: | | | | |
| Project Number | N/A | | | |
| Grant Date | N/A | | | |
| Bond Authorization Date | 9/15/2015 | | | |
| Bonds Authorized | 108,291.20 | | | |
| Bonds Issued | 142,767.78 | | | |
| SCC Amount | N/A | | | |
| Local Share | N/A | | | |
| Original Authorized Cost | 108,291.20 | | | |
| Revised Authorized Cost | 142,767.78 | | | |
| Percentage Increase Over Original | | | | |
| Authorized Costs | N/A | | | |
| Percentage completion | 89% | | | |
| Original target completion date | 6/30/2017 | | | |
| Revised target completion date | 6/30/2023 | | | |

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
BERNARDS HIGH SCHOOL LIBRARY/MEDIA CENTER

| | <u>For the Fiscal Year Ended June 30, 2022</u> | | | Revised Authorized Cost |
|--|--|---------------------|---------------------|-------------------------------|
| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | |
| Revenues and Other Financing Sources: | | | | |
| Bond proceeds | \$ 3,396,493.82 | \$ | \$ 3,396,493.82 | \$ 3,396,493.82 |
| Transfer within bond referendum projects | (240,679.31) | | (240,679.31) | (240,679.31) |
| Total revenues | <u>3,155,814.51</u> | | <u>3,155,814.51</u> | <u>3,155,814.51</u> |
| Expenditures and Other Financing Uses: | | | | |
| Purchased professional and technical services | 75,713.56 | | 75,713.56 | 75,713.56 |
| Land and improvements | 4,815.23 | | 4,815.23 | 4,815.23 |
| Construction services | 3,058,084.00 | | 3,058,084.00 | 3,075,285.72 |
| Total expenditures | <u>3,138,612.79</u> | | <u>3,138,612.79</u> | <u>3,155,814.51</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 17,201.72</u> | <u>\$</u> | <u>\$ 17,201.72</u> | <u>\$</u> |
| Additional project information: | | | | |
| Project Number | N/A | | | |
| Grant Date | N/A | | | |
| Bond Authorization Date | 9/15/2015 | | | |
| Bonds Authorized | \$3,299,643.53 | | | |
| Bonds Issued | \$3,155,814.51 | | | |
| SCC Amount | N/A | | | |
| Local Share | N/A | | | |
| Original Authorized Cost | 2,921,175.00 | | | |
| Revised Authorized Cost | 3,155,814.51 | | | |
| Percentage Increase Over Original Authorized Cost | | | | |
| Percentage completion | 99% | | | |
| Original target completion date | 6/30/2017 | | | |
| Revised target completion date | 6/30/2023 | | | |

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
IMPROVEMENTS TO BERNARDS HIGH SCHOOL S/E WING

| | <u>For the Fiscal Year Ended June 30, 2022</u> | | | <u>Revised Authorized Cost</u> |
|---|--|---------------------|---------------------|--|
| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | |
| Revenues and Other Financing Sources: | | | | |
| Bond proceeds | \$ 1,100,600.00 | \$ | \$ 1,100,600.00 | \$ 1,100,600.00 |
| Prior year adjustment-debt authorized | (641.00) | | (641.00) | (641.00) |
| Transfer within bond referendum projects | (36,732.58) | | (36,732.58) | (36,732.58) |
| Total revenues | <u>1,063,226.42</u> | | <u>1,063,226.42</u> | <u>1,063,226.42</u> |
| Expenditures and Other Financing Uses: | | | | |
| Purchased professional and technical services | 27,383.23 | | 27,383.23 | 27,383.23 |
| Construction services | 947,429.56 | | 947,429.56 | 1,035,843.19 |
| Total expenditures | <u>974,812.79</u> | | <u>974,812.79</u> | <u>1,063,226.42</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 88,413.63</u> | <u>\$</u> | <u>\$ 88,413.63</u> | <u>\$</u> |
| Additional project information: | | | | |
| Project Number | N/A | | | |
| Grant Date | N/A | | | |
| Bond Authorization Date | 9/15/2015 | | | |
| Bonds Authorized | \$1,100,600.00 | | | |
| Bonds Issued | \$1,063,867.42 | | | |
| SDA Amount | N/A | | | |
| Local Share | N/A | | | |
| Original Authorized Cost | 1,100,600.00 | | | |
| Revised Authorized Cost | 1,063,226.42 | | | |
| Percentage Increase Over Original Authorized Cost | NONE | | | |
| Percentage completion | 92% | | | |
| Original target completion date | 6/30/2017 | | | |
| Revised target completion date | 6/30/2023 | | | |

SOMERSET HILLS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS
IMPROVEMENTS TO BERNARDS HIGH SCHOOL PARKING, RAMP AND ADA BLEACHERS

| | <u>For the Fiscal Year Ended June 30, 2022</u> | | | <u>Revised Authorized Cost</u> |
|--|--|---------------------|---------------------|--|
| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | |
| Revenues and Other Financing Sources: | | | | |
| Bond proceeds | \$ 814,949.30 | \$ | \$ 814,949.30 | \$ 814,949.30 |
| Transfer within bond referendum projects | 54,744.19 | | 54,744.19 | 54,744.19 |
| Total revenues | <u>869,693.49</u> | | <u>869,693.49</u> | <u>869,693.49</u> |
| Expenditures and Other Financing Uses: | | | | |
| Purchased professional and technical services | 53,029.87 | | 53,029.87 | 53,029.87 |
| Construction services | 782,781.87 | | 782,781.87 | 816,663.62 |
| Total expenditures | <u>835,811.74</u> | | <u>835,811.74</u> | <u>869,693.49</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 33,881.75</u> | <u>\$</u> | <u>\$ 33,881.75</u> | <u>\$</u> |
| Additional project information: | | | | |
| Project Number | N/A | | | |
| Grant Date | N/A | | | |
| Bond Authorization Date | 9/15/2015 | | | |
| Bonds Authorized | \$814,949.30 | | | |
| Bonds Issued | \$869,693.49 | | | |
| SCC Amount | N/A | | | |
| Local Share | N/A | | | |
| Original Authorized Cost | 960,787.68 | | | |
| Revised Authorized Cost | 814,949.30 | | | |
| Percentage Increase Over Original Authorized Cost | NONE | | | |
| Percentage completion | 96% | | | |
| Original target completion date | 6/30/2017 | | | |
| Revised target completion date | 6/30/2023 | | | |

LONG-TERM OBLIGATIONS SCHEDULES

The long-term obligation schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under serial bonds, installment purchases and leases.

SOMERSET HILLS SCHOOL DISTRICT
LONG-TERM OBLIGATIONS
SCHEDULE OF SERIAL BONDS
JUNE 30, 2022

| <u>ISSUE</u> | <u>DATE OF ISSUE</u> | <u>AMOUNT OF ISSUE</u> | <u>ANNUAL MATURITIES</u> | | <u>INTEREST RATE</u> | <u>BALANCE JULY 1, 2021</u> | <u>ISSUED</u> | <u>RETIRED</u> | <u>BALANCE JUNE 30, 2022</u> |
|------------------------------------|----------------------|------------------------|--------------------------|---------------|----------------------|-----------------------------|------------------|------------------|------------------------------|
| | | | <u>DATE</u> | <u>AMOUNT</u> | | | | | |
| Refunding School Bonds Series 2012 | 3/15/12 | \$ 19,205,000.00 | | | | \$ 15,215,000.00 | \$ | \$ 15,215,000.00 | \$ |
| School Bonds, Series 2016 | 9/15/2015 | 5,829,000.00 | 9/15/22 | 410,000.00 | 2.000% | | | | |
| | | | 9/15/23 | 425,000.00 | 2.000% | | | | |
| | | | 9/15/24 | 440,000.00 | 2.000% | | | | |
| | | | 9/15/25 | 450,000.00 | 2.000% | | | | |
| | | | 9/15/26 | 465,000.00 | 2.000% | | | | |
| | | | 9/15/27 | 485,000.00 | 2.000% | | | | |
| | | | 9/15/28 | 500,000.00 | 2.000% | | | | |
| | | | 9/15/29 | 500,000.00 | 2.250% | | | | |
| | | | 9/15/30 | 484,000.00 | 3.000% | 4,564,000.00 | | 395,000.00 | 4,169,000.00 |
| Refunding School Bonds Series 2012 | 12/16/2021 | 11,775,000.00 | 3/15/2023 | 2,005,000.00 | 4.000% | | | | |
| | | | 3/15/2024 | 2,185,000.00 | 4.000% | | | | |
| | | | 3/15/2025 | 2,155,000.00 | 4.000% | | | | |
| | | | 3/15/2026 | 2,530,000.00 | 4.000% | | | | |
| | | | 3/15/2027 | 935,000.00 | 4.000% | | | | |
| | | | 3/15/2028 | 960,000.00 | 4.000% | | | | |
| | | | 3/15/2029 | 1,095,000.00 | 4.000% | | | | |
| | | | | | | | 11,775,000.00 | | 11,775,000.00 |
| | | | | | | \$ 19,779,000.00 | \$ 11,775,000.00 | \$ 15,610,000.00 | \$ 15,944,000.00 |
| | | | | | | | | Paid by Budget | 2,545,000.00 |
| | | | | | | | | Refunding Amount | 13,065,000.00 |

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(NOT APPLICABLE TO THIS REPORT)

SOMERSET HILLS SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | ORIGINAL BUDGET | MODIFIED BUDGET | ACTUAL | VARIANCE |
|--|---------------------|---------------------|---------------------|------------------|
| REVENUES: | | | | |
| Local sources: | | | | |
| Local tax levy | \$ 3,125,023.00 | \$ 3,125,023.00 | \$ 3,125,022.96 | \$ (0.04) |
| State sources: | | | | |
| Debt service aid type II | 166,097.00 | 166,097.00 | 166,097.00 | |
| Total revenues | <u>3,291,120.00</u> | <u>3,291,120.00</u> | <u>3,291,119.96</u> | <u>(0.04)</u> |
| EXPENDITURES: | | | | |
| Regular debt service: | | | | |
| Interest | 746,120.00 | 746,120.00 | 746,120.00 | |
| Redemption of principal | 2,545,000.00 | 2,545,000.00 | 2,545,000.00 | |
| Total regular debt service-expenditures | <u>3,291,120.00</u> | <u>3,291,120.00</u> | <u>3,291,120.00</u> | |
| Excess (deficiency) of revenues over (under) expenditures | | | (0.04) | (0.04) |
| Fund balance, July 1 | 0.04 | 0.04 | 0.04 | |
| Fund balance, June 30 | <u>\$ 0.04</u> | <u>\$ 0.04</u> | <u>\$ (0.00)</u> | <u>\$ (0.04)</u> |

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER INSTALLMENT PURCHASE CONTRACTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| <u>PURPOSE</u> | <u>DATE OF CONTRACT</u> | <u>TERM OF CONTRACT</u> | <u>AMOUNT OF ORIGINAL CONTRACT PRINCIPAL</u> | <u>BALANCE JUNE 30, 2021</u> | <u>ISSUED</u> | <u>RETIRED</u> | <u>BALANCE JUNE 30, 2022</u> |
|----------------------------------|-------------------------|-------------------------|--|------------------------------|----------------------|----------------------|------------------------------|
| E.S.I.P. | 7/16/2010 | 7/15/2025 | \$ 3,180,023.00 | \$ 1,069,705.46 | \$ | \$ 234,920.29 | \$ 834,785.17 |
| Buses- Regular and Special Educ. | 7/1/2017 | 6/15/2024 | 156,740.89 | 70,651.59 | | 22,945.93 | 47,705.66 |
| Bus - 54 Passenger | 10/1/2018 | 10/1/2023 | 105,418.75 | 66,119.19 | | 21,039.71 | 45,079.48 |
| Bus - 24 Passenger | 12/1/2018 | 12/1/2023 | 64,711.32 | 40,435.25 | | 12,812.54 | 27,622.71 |
| Chromebooks (1025) | 8/1/2019 | 8/1/2023 | 249,075.00 | 124,502.60 | | 61,514.38 | 62,988.22 |
| Bus - 54 Passenger | 6/13/2022 | 6/13/2027 | 118,950.59 | | 118,950.59 | | 118,950.59 |
| | | | | <u>\$ 1,371,414.09</u> | <u>\$ 118,950.59</u> | <u>\$ 353,232.85</u> | <u>\$ 1,137,131.83</u> |

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STATISTICAL SECTION
(UNAUDITED)

SOMERSET HILLS SCHOOL DISTRICT
STATISTICAL SECTION

| <u>Contents</u> | <u>Page</u> |
|--|--------------|
| Financial Trends: | |
| These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time. | J-1 to J-5 |
| Revenue Capacity: | |
| These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax. | J-6 to J-9 |
| Debt Capacity: | |
| These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future. | J-10 to J-13 |
| Demographic and Economic Information: | |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place. | J-14 to J-15 |
| Operating Information: | |
| These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs. | J-16 to J-20 |

Sources

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.

SOMERSET HILLS SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | | | | | | | | |
|---|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 40,506,702.00 | \$ 38,162,890.59 | \$ 37,210,225.92 | \$ 36,352,689.52 | \$ 33,556,231.62 | \$ 32,786,890.63 | \$ 27,150,588.40 | \$ 30,895,137.50 | \$ 29,162,887.15 | \$ 26,218,977.35 |
| Restricted | 6,573,886.32 | 3,396,537.23 | 2,055,681.20 | 1,728,514.54 | 1,832,696.60 | 1,866,600.47 | 6,029,773.91 | 1,366,346.98 | 610,272.96 | 942,827.07 |
| Unrestricted (deficit) | (8,427,037.37) | (7,870,537.09) | (9,334,518.85) | (9,325,891.05) | (9,070,828.40) | (9,250,513.00) | (9,033,982.60) | (8,440,639.13) | 876,988.66 | 2,847,535.65 |
| Total governmental activities net position | \$ 38,653,550.95 | \$ 33,678,890.73 | \$ 29,931,388.27 | \$ 28,755,313.01 | \$ 26,318,099.82 | \$ 25,402,978.30 | \$ 24,146,379.71 | \$ 23,820,845.35 | \$ 30,649,848.77 | \$ 30,009,340.07 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 3,319.00 | \$ 15,301.70 | \$ 20,237.50 | \$ 23,703.67 | \$ 20,709.53 | \$ 24,102.60 | \$ 33,205.28 | \$ 43,126.16 | \$ 50,166.49 | \$ 59,489.66 |
| Unrestricted (deficit) | 200,768.09 | 134,586.38 | 34,118.50 | 21,572.31 | (379.19) | (23,583.00) | 1,267.96 | 1,706.67 | 26,450.44 | 72,886.29 |
| Total business-type activities net position | \$ 204,087.09 | \$ 149,898.08 | \$ 54,356.00 | \$ 45,275.98 | \$ 20,324.34 | \$ 519.60 | \$ 34,473.24 | \$ 44,832.83 | \$ 76,646.93 | \$ 132,365.95 |
| District-wide | | | | | | | | | | |
| Net investment in capital assets | \$ 40,510,021.00 | \$ 38,178,192.29 | \$ 37,230,463.42 | \$ 36,376,393.19 | \$ 33,576,935.15 | \$ 32,810,993.43 | \$ 27,183,793.68 | \$ 30,938,263.66 | \$ 29,212,783.64 | \$ 26,278,477.01 |
| Restricted | 6,573,886.32 | 3,396,537.23 | 2,055,681.20 | 1,728,514.54 | 1,832,696.60 | 1,866,600.47 | 6,029,773.91 | 1,366,346.98 | 610,272.96 | 942,827.07 |
| Unrestricted (deficit) | (8,225,269.28) | (7,735,940.71) | (9,300,400.35) | (9,304,318.74) | (9,071,207.59) | (9,274,096.00) | (9,032,714.64) | (8,438,932.46) | 903,439.10 | 2,920,421.94 |
| Total district net position | \$ 38,857,638.04 | \$ 33,828,788.81 | \$ 29,985,744.27 | \$ 28,800,588.99 | \$ 26,338,424.16 | \$ 25,403,497.90 | \$ 24,180,852.95 | \$ 23,865,678.18 | \$ 30,726,493.70 | \$ 30,141,726.02 |

Source: ACFR Schedule A-1

SOMERSET HILLS SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | | | | | | | | |
|---|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| EXPENSES | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 16,762,452.03 | \$ 20,627,734.37 | \$ 19,666,787.68 | \$ 20,962,550.16 | \$ 21,491,658.33 | \$ 22,091,922.57 | \$ 20,183,503.83 | \$ 19,337,481.98 | \$ 16,066,884.83 | \$ 16,851,786.14 |
| Special education | 4,341,933.13 | 4,951,758.78 | 4,506,408.75 | 4,415,209.98 | 3,962,948.01 | 4,803,335.55 | 4,080,388.97 | 3,577,794.17 | 2,834,607.06 | 3,996,064.82 |
| Other instruction | 3,067,868.36 | 3,167,933.91 | 3,154,971.53 | 3,196,360.63 | 2,654,266.48 | 2,739,555.93 | 2,482,599.85 | 2,356,343.69 | 1,807,011.25 | 1,695,330.91 |
| Support Services: | | | | | | | | | | |
| Tuition | 2,198,710.90 | 1,856,287.36 | 1,662,076.43 | 1,568,333.22 | 1,471,689.09 | 1,539,878.03 | 1,533,571.15 | 1,400,904.85 | 2,607,100.16 | 5,474,053.69 |
| Student & instruction related services | 7,861,412.86 | 8,402,156.04 | 7,544,467.50 | 7,537,743.09 | 7,579,742.78 | 6,922,795.92 | 8,715,863.37 | 6,098,451.70 | 4,672,405.30 | 896,367.87 |
| General administrative services | 858,394.72 | 793,182.53 | 789,137.87 | 785,020.11 | 786,480.70 | 971,884.92 | 999,398.43 | 836,728.43 | 1,009,666.70 | 1,875,172.90 |
| School administrative services | 2,375,211.75 | 2,635,220.32 | 2,365,662.05 | 2,306,956.74 | 2,286,214.33 | 2,487,548.63 | 2,377,858.77 | 2,114,649.15 | 1,831,799.64 | 2,585,251.89 |
| Plant operations and maintenance | 3,554,975.44 | 3,659,823.50 | 3,434,688.62 | 3,836,355.23 | 4,040,783.96 | 3,756,210.23 | 3,458,503.78 | 3,103,470.65 | 3,139,646.69 | 1,992,940.41 |
| Student transportation services | 2,856,243.33 | 2,191,747.98 | 2,187,192.15 | 2,203,585.99 | 2,315,106.25 | 2,385,195.39 | 2,267,672.63 | 2,038,265.46 | 2,129,382.93 | 700,237.60 |
| Central services & information Technology | 864,551.29 | 1,032,116.20 | 941,824.19 | 1,036,411.45 | 944,789.15 | 1,133,608.27 | 923,863.59 | 886,516.77 | 684,448.84 | 1,337,227.37 |
| Transfer to Charter Schools | (56,182.55) | 13,403.00 | 25,542.00 | 55,951.00 | 978,695.47 | 1,074,169.08 | 1,074,384.49 | 1,099,099.88 | 1,484,328.31 | 1,789,633.51 |
| Interest on long-term debt | 2,059,877.00 | 2,042,121.51 | 2,199,086.28 | 2,033,152.06 | 1,926,568.71 | 1,912,878.03 | 1,830,972.28 | 1,809,529.31 | 1,820,151.83 | 39,136,067.11 |
| Unallocated depreciation | 48,585,448.26 | 52,428,538.94 | 49,591,732.24 | 49,939,265.98 | 50,458,943.25 | 51,818,982.52 | 47,928,567.69 | 44,661,236.04 | 40,117,434.54 | 716,434.09 |
| Total governmental activities expenses | 707,677.70 | 340,403.86 | 446,468.66 | 583,492.04 | 565,343.81 | 623,102.47 | 602,108.62 | 650,409.20 | 648,818.00 | 39,852,501.20 |
| Business-type activities: | | | | | | | | | | |
| Food Service | 707,677.70 | 340,403.86 | 446,468.66 | 583,492.04 | 565,343.81 | 623,102.47 | 602,108.62 | 650,409.20 | 648,818.00 | 716,434.09 |
| Total business-type activities expense | 707,677.70 | 340,403.86 | 446,468.66 | 583,492.04 | 565,343.81 | 623,102.47 | 602,108.62 | 650,409.20 | 648,818.00 | 716,434.09 |
| Total district expenses | \$ 49,293,125.96 | \$ 52,769,942.80 | \$ 50,038,220.90 | \$ 50,522,758.02 | \$ 51,024,287.06 | \$ 52,442,084.99 | \$ 48,530,676.31 | \$ 45,311,645.24 | \$ 40,766,252.54 | \$ 39,852,501.20 |
| PROGRAM REVENUES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Operating grants and contributions | \$ 11,827,722.18 | \$ 15,205,954.72 | \$ 10,886,608.92 | \$ 12,207,747.58 | \$ 12,040,944.37 | \$ 13,828,150.39 | \$ 10,255,933.04 | \$ 8,865,869.63 | \$ 4,954,393.62 | \$ 5,573,850.54 |
| Charges for services | 4,981,380.92 | 4,613,394.96 | 4,104,033.98 | 4,697,969.33 | 4,809,908.99 | 4,926,276.87 | 4,914,295.88 | 4,998,852.57 | 4,419,158.70 | 4,369,968.02 |
| Capital grants and contributions | 16,909,103.10 | 19,819,349.68 | 15,105,686.61 | 16,905,716.81 | 16,953,357.05 | 19,206,419.86 | 15,170,228.92 | 13,875,167.20 | 9,374,278.72 | 10,009,416.16 |
| Total governmental activities program revenues | 122,122.16 | 4,387.48 | 303,336.30 | 441,617.43 | 411,314.50 | 425,261.92 | 432,320.31 | 466,385.98 | 457,756.19 | 453,379.37 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | 693,623.96 | 383,729.51 | 181,461.65 | 166,627.05 | 173,733.47 | 163,711.32 | 159,196.15 | 151,984.99 | 135,101.74 | 117,780.84 |
| Operating grants and contributions | 815,746.12 | 388,116.99 | 454,797.95 | 608,244.48 | 585,047.97 | 588,973.24 | 591,516.46 | 618,370.55 | 582,857.63 | 571,160.21 |
| Total business type activities program revenues | 17,624,849.22 | 20,207,466.67 | 15,560,484.56 | 17,513,961.39 | 17,538,405.02 | 19,795,393.10 | 15,761,745.38 | 14,493,537.75 | 9,967,136.65 | 10,580,576.37 |
| NET (EXPENSE)/REVENUE | | | | | | | | | | |
| Governmental activities | \$ (31,776,345.16) | \$ (32,610,189.28) | \$ (34,486,045.63) | \$ (33,033,549.07) | \$ (33,505,586.20) | \$ (32,612,562.66) | \$ (32,758,338.77) | \$ (30,786,068.84) | \$ (30,743,155.82) | \$ (29,126,650.95) |
| Business-type activities | 108,069.42 | 47,713.13 | 8,309.29 | 24,752.44 | 19,704.16 | (10,592.16) | (10,592.16) | (32,038.65) | (55,960.07) | (145,273.88) |
| Total district-wide net expense | \$ (31,668,276.74) | \$ (32,562,476.13) | \$ (34,477,736.34) | \$ (33,008,796.63) | \$ (33,485,882.04) | \$ (32,646,891.89) | \$ (32,768,930.93) | \$ (30,818,107.49) | \$ (30,799,115.89) | \$ (29,271,924.83) |

SOMERSET HILLS SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | | | | | | | | |
|---|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes levied for general purposes, net | \$ 33,277,116.00 | \$ 32,624,624.00 | \$ 31,984,926.81 | \$ 31,957,770.00 | \$ 30,742,912.00 | \$ 30,140,110.00 | \$ 29,549,127.00 | \$ 28,969,733.00 | \$ 28,163,596.00 | \$ 27,611,369.00 |
| Taxes levied for debt service | 3,125,022.96 | 2,995,763.04 | 3,164,292.21 | 3,403,663.00 | 3,054,087.00 | 3,247,712.00 | 3,184,819.00 | 3,240,188.00 | 3,163,854.00 | 3,234,863.00 |
| Grants and contributions | 296,337.00 | 294,808.00 | 290,612.00 | 341,318.00 | 421,637.00 | 259,077.00 | 240,599.00 | 292,977.65 | 196,160.00 | 192,375.00 |
| Miscellaneous income | 250,361.16 | 81,458.47 | 222,289.87 | 368,011.26 | 202,071.72 | 222,262.27 | 109,528.14 | 63,367.77 | 151,296.22 | 193,064.87 |
| Total governmental activities | \$ 36,949,837.12 | \$ 35,996,653.51 | \$ 35,662,120.89 | \$ 35,470,752.26 | \$ 34,420,707.72 | \$ 33,869,161.27 | \$ 33,063,873.14 | \$ 32,566,266.42 | \$ 31,749,906.22 | \$ 31,231,691.87 |
| Business-type activities: | | | | | | | | | | |
| Miscellaneous income | 5,883.23 | 57.91 | 770.73 | 199.20 | 100.58 | 175.59 | 232.57 | 224.55 | 220.75 | 346.37 |
| Total business-type activities | 5,883.23 | 57.91 | 770.73 | 199.20 | 100.58 | 175.59 | 232.57 | 224.55 | 220.75 | 346.37 |
| Total district-wide | \$ 36,954,720.35 | \$ 35,996,711.42 | \$ 35,662,891.62 | \$ 35,470,951.46 | \$ 34,420,808.30 | \$ 33,869,336.86 | \$ 33,064,105.71 | \$ 32,566,490.97 | \$ 31,750,126.97 | \$ 31,232,038.24 |
| CHANGE IN NET POSITION | | | | | | | | | | |
| Governmental activities | \$ 5,172,491.96 | \$ 3,386,464.25 | \$ 1,176,075.26 | \$ 2,437,213.19 | \$ 915,121.52 | \$ 1,256,598.61 | \$ 325,634.37 | \$ 1,780,197.68 | \$ 1,006,750.40 | \$ 2,105,040.92 |
| Business-type activities | 113,951.65 | 47,771.04 | 9,080.02 | 24,951.64 | 19,804.74 | (33,953.64) | (10,359.59) | (31,814.10) | (55,739.32) | (144,927.51) |
| Total district | \$ 5,286,443.61 | \$ 3,434,235.29 | \$ 1,185,155.28 | \$ 2,462,164.83 | \$ 934,926.26 | \$ 1,222,644.97 | \$ 315,174.78 | \$ 1,748,383.48 | \$ 951,011.08 | \$ 1,960,113.41 |

Source: ACFR Schedule A-2

SOMERSET HILLS SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 UNAUDITED

| | Fiscal Year Ending June 30, | | | | | | | | | |
|------------------------------------|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| General Fund | | | | | | | | | | |
| Restricted | \$ 7,580,942.15 | \$ 5,553,384.20 | \$ 4,042,410.45 | \$ 3,904,295.04 | \$ 4,113,542.96 | \$ 3,545,342.50 | \$ 3,091,089.02 | \$ 2,992,605.15 | \$ 2,997,879.81 | \$ 3,858,953.01 |
| Assigned | 920,540.16 | 1,147,586.55 | 1,188,117.12 | 955,386.51 | 726,481.57 | 511,519.42 | 185,632.47 | 417,775.06 | 316,788.81 | 188,571.81 |
| Unassigned | 2,227,753.08 | 2,126,613.18 | 1,336,770.49 | 1,436,093.42 | 1,250,644.86 | 1,308,028.36 | 902,608.87 | 788,994.57 | 768,889.18 | 804,953.17 |
| Total general fund | \$ 10,729,235.39 | \$ 8,827,563.93 | \$ 6,567,298.06 | \$ 6,295,754.97 | \$ 6,090,669.39 | \$ 5,364,890.28 | \$ 4,179,330.36 | \$ 4,199,374.78 | \$ 4,083,567.80 | \$ 4,822,477.99 |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted | \$ 808,905.22 | \$ 791,956.12 | \$ 500,191.25 | \$ 385,145.54 | \$ 657,531.31 | \$ 1,077,008.65 | \$ 5,518,116.68 | \$ 636,904.07 | \$ 744,310.91 | \$ 244,698.77 |
| Assigned | - | 0.04 | 38.09 | 37.79 | - | - | - | - | - | - |
| Total all other governmental funds | \$ 808,905.22 | \$ 791,956.16 | \$ 500,229.25 | \$ 385,183.33 | \$ 657,531.31 | \$ 1,077,008.65 | \$ 5,518,116.68 | \$ 636,904.07 | \$ 744,310.91 | \$ 244,698.77 |

Source: ACFR Schedule B-1

SOMERSET HILLS SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | | | | | | | | |
|---|-----------------------------|---------------|---------------|---------------|---------------|----------------|---------------|------------------|------------------|------------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Revenues | | | | | | | | | | |
| Tax levy | 36,402,138.96 | 35,620,387.04 | 35,149,219.02 | 34,761,433.00 | 33,796,999.00 | 33,387,822.00 | 33,733,746.00 | \$ 32,209,921.00 | \$ 31,327,450.00 | \$ 30,846,252.00 |
| Tuition charges | 4,950,030.92 | 4,556,049.96 | 4,028,958.98 | 4,094,269.84 | 4,755,392.46 | 4,761,665.71 | 4,835,910.88 | 4,900,964.57 | 4,318,976.70 | 4,259,078.52 |
| Transportation charges | 31,350.00 | 57,345.00 | 75,075.00 | 203,699.49 | 154,516.63 | 164,611.16 | 78,395.00 | 89,888.00 | 100,182.00 | 110,887.50 |
| Miscellaneous | 778,883.49 | 365,088.02 | 251,491.28 | 437,454.07 | 304,284.08 | 288,872.14 | 133,606.72 | 188,107.07 | 245,561.87 | 333,939.12 |
| State sources | 12,166,302.03 | 9,643,374.55 | 8,582,752.56 | 8,071,094.91 | 7,093,287.21 | 6,570,149.90 | 5,371,798.30 | 4,952,921.53 | 4,390,694.15 | 4,982,902.16 |
| Federal sources | 872,603.62 | 782,707.62 | 540,564.66 | 570,748.96 | 585,687.49 | 588,642.20 | 600,199.61 | 631,430.45 | 604,848.42 | 718,253.73 |
| Total revenue | 55,302,289.22 | 51,024,952.19 | 48,628,161.50 | 48,558,696.17 | 48,630,196.77 | 45,761,763.11 | 43,753,634.51 | 42,881,292.62 | 40,967,931.14 | 41,231,343.03 |
| Expenditures | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular instruction | 11,911,066.99 | 11,803,316.84 | 12,345,784.39 | 12,543,828.07 | 12,875,963.15 | 12,495,057.63 | 12,443,373.11 | 12,195,486.89 | 11,947,000.86 | 16,674,454.14 |
| Special education instruction | 2,942,322.62 | 2,919,036.09 | 2,896,207.52 | 2,753,655.24 | 2,567,404.22 | 2,897,910.79 | 2,665,739.75 | 2,496,253.16 | 2,211,614.56 | 4,024,660.82 |
| Other instruction | 2,027,465.45 | 1,855,510.91 | 2,004,660.86 | 1,971,870.28 | 1,648,483.41 | 1,619,372.26 | 1,619,522.31 | 1,529,797.18 | 1,369,786.79 | 1,696,330.91 |
| Support services: | | | | | | | | | | |
| Tuition | 2,198,710.90 | 1,856,287.36 | 1,662,076.43 | 1,568,333.22 | 1,471,689.09 | 1,539,878.03 | 1,533,571.15 | 1,400,904.85 | 1,378,171.26 | 5,593,780.69 |
| Student and instruction related services | 3,153,697.62 | 5,133,919.06 | 4,855,609.36 | 4,805,171.69 | 4,796,379.82 | 4,976,171.03 | 4,379,286.24 | 4,330,190.79 | 4,583,340.30 | 991,269.96 |
| General administrative services | 835,126.74 | 652,991.67 | 662,565.03 | 669,277.68 | 697,215.88 | 769,258.19 | 796,453.65 | 625,415.62 | 861,880.05 | 1,784,269.90 |
| School administrative services | 1,480,429.90 | 1,450,281.33 | 1,415,119.27 | 1,388,283.73 | 1,312,128.14 | 1,370,981.38 | 1,359,921.72 | 1,419,874.65 | 1,377,372.43 | 681,721.40 |
| Central services and information technology | 805,206.33 | 784,903.99 | 742,541.41 | 770,436.41 | 767,822.11 | 796,521.39 | 687,272.61 | 733,502.90 | 535,202.64 | 2,678,739.45 |
| Plant operations and maintenance | 3,625,101.45 | 3,269,214.61 | 3,164,200.65 | 3,596,477.43 | 3,239,104.22 | 3,069,484.88 | 3,122,224.08 | 2,959,263.18 | 2,918,640.12 | 1,983,640.41 |
| Student transportation services | 2,825,173.18 | 2,078,918.42 | 2,092,217.18 | 2,073,106.31 | 2,201,807.33 | 2,197,490.44 | 2,188,756.46 | 1,877,190.85 | 2,164,083.55 | 7,900,546.01 |
| Unallocated employee benefits | 15,685,497.92 | 13,269,111.93 | 12,597,364.17 | 11,969,050.03 | 10,734,409.42 | 9,661,174.05 | 9,072,073.60 | 8,593,308.62 | 7,900,546.01 | 910,448.88 |
| Transfer of funds to charter schools | - | 13,403.00 | 25,542.00 | 55,951.00 | 941,839.25 | 5,346,926.31 | 1,628,960.76 | 1,349,152.29 | 865,948.42 | 2,373,889.17 |
| Capital outlay | 761,180.69 | 426,163.63 | 591,723.22 | 965,101.57 | 941,839.25 | 5,346,926.31 | 1,628,960.76 | 1,349,152.29 | 865,948.42 | 1,361,384.96 |
| Debt service: | | | | | | | | | | |
| Principal | 2,845,000.00 | 2,435,000.00 | 2,415,000.00 | 2,605,000.00 | 2,215,000.00 | 2,210,000.00 | 2,140,000.00 | 2,070,000.00 | 2,000,000.00 | 40,753,560.29 |
| Interest and other charges | 535,966.00 | 944,341.00 | 1,000,015.00 | 1,088,547.98 | 1,078,349.75 | 1,170,563.86 | 1,121,721.42 | 1,190,531.50 | 1,294,854.00 | 1,361,384.96 |
| Total expenditures | 53,631,945.99 | 49,012,199.84 | 48,490,647.49 | 48,776,090.64 | 48,480,605.89 | 49,160,760.22 | 44,736,876.86 | 42,872,892.48 | 41,389,482.99 | 40,753,560.29 |
| Excess (deficiency) of revenues over (under) expenditures | 1,670,343.23 | 2,012,752.35 | 137,514.01 | (237,393.47) | 149,560.88 | (3,399,027.11) | (983,242.35) | 8,400.14 | (400,971.85) | 477,782.74 |
| Other financing sources (uses) | | | | | | | | | | |
| Installment purchase contracts (non-budgeted) | - | - | 249,075.00 | 170,130.07 | 156,740.89 | 143,479.00 | 5,829,000.00 | - | 100,000.00 | 132,134.14 |
| Bond proceeds | 118,950.59 | 11,775,000.00 | - | - | - | - | - | - | - | - |
| Payment to refunded bond escrow | (13,085,000.00) | - | - | - | - | - | - | - | - | - |
| Premium on Bond Issue | 1,419,326.70 | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | 246,272.29 | 246,272.29 | 249,075.00 | 170,130.07 | 156,740.89 | 143,479.00 | 5,844,410.54 | - | 161,675.80 | 141,899.14 |
| Net change in fund balances | 1,918,620.92 | 2,012,752.35 | 386,586.01 | (67,262.40) | 306,301.77 | (3,255,548.11) | 4,861,168.19 | 8,400.14 | (239,296.05) | 619,681.88 |
| Debt service as a percentage of noncapital expenditures | 6.39% | 6.96% | 7.13% | 7.73% | 7.23% | 7.72% | 7.57% | 7.85% | 8.03% | 9.37% |

Source: ACFR Schedule B-2

EXHIBIT "J-5"

SOMERSET HILLS SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

| <u>Fiscal Year</u> <u>Ended June 30,</u> | <u>Tuition</u> | <u>Transportation</u> | <u>Interest on</u> <u>Investments</u> | <u>Use of</u> <u>Facilities</u> | <u>Miscellaneous</u> | <u>Total</u> |
|---|-----------------|-----------------------|--|------------------------------------|----------------------|-----------------|
| 2022 | \$ 4,950,030.92 | \$ 31,350.00 | \$ 12,736.54 | \$ 4,700.00 | \$ 232,924.62 | \$ 5,231,742.08 |
| 2021 | 4,556,049.96 | 57,345.00 | 11,589.14 | | 69,869.33 | 4,694,853.43 |
| 2020 | 4,028,958.98 | 75,075.00 | 81,608.50 | 51,614.37 | 89,067.00 | 4,326,323.85 |
| 2019 | 4,494,269.84 | 203,699.49 | 22,090.01 | 99,112.63 | 246,808.62 | 5,065,980.59 |
| 2018 | 4,755,392.46 | 154,516.53 | 8,711.66 | 65,841.00 | 127,519.06 | 5,111,980.71 |
| 2017 | 4,761,665.71 | 164,611.16 | 9,819.52 | 67,515.00 | 144,927.75 | 5,148,539.14 |
| 2016 | 4,835,910.88 | 78,385.00 | 9,667.13 | 28,422.00 | 56,028.47 | 5,008,413.48 |
| 2015 | 4,908,964.57 | 89,888.00 | 7,100.03 | 22,285.87 | 33,981.87 | 5,062,220.34 |
| 2014 | 4,318,976.70 | 100,182.00 | 8,802.64 | 28,090.00 | 52,729.78 | 4,508,781.12 |
| 2013 | 4,259,078.52 | 110,887.50 | 788.37 | 55,607.00 | 45,904.50 | 4,472,265.89 |

Source: District Records

SOMERSET HILLS SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - BOROUGH OF BERNARDSVILLE
LAST TEN FISCAL YEARS
UNAUDITED

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Q-Farm | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities (a) | Net Valuation Taxable | Est. Actual (County Equalized Value) | Total Direct School Tax Rate (b) |
|----------------------------------|---------------|------------------|----------------|------------|----------------|---------------|--------------|-------------------------|-------------------------|-----------------------------|--|--|
| 2022 | \$ 20,093,400 | \$ 1,950,084,400 | \$ 165,138,600 | \$ 423,400 | \$ 167,696,900 | \$ 21,295,900 | \$ 6,549,200 | \$ 2,393,221,800 | \$ 5,174,570 | \$ 2,398,396,370 | \$ 2,311,413,376 | \$ 1,194 |
| 2021 | 20,139,700 | 1,874,956,100 | 156,119,900 | 402,600 | 163,777,900 | 20,945,500 | 8,252,400 | 2,244,596,100 | 5,219,267 | 2,249,815,367 | 2,296,343,628 | 1,222 |
| 2020 | 19,388,900 | 1,826,780,400 | 141,868,400 | 404,600 | 171,206,800 | 19,171,500 | 6,223,700 | 2,187,024,300 | 4,877,208 | 2,191,901,508 | 2,230,856,139 | 1,225 |
| 2019 | 21,352,300 | 1,864,595,800 | 149,322,600 | 425,800 | 173,846,000 | 19,117,800 | 3,580,000 | 2,232,240,300 | 4,761,539 | 2,237,001,839 | 2,252,058,730 | 1,179 |
| 2018 | 24,627,200 | 1,876,573,500 | 145,447,100 | 412,100 | 168,995,300 | 19,128,600 | 3,560,700 | 2,238,684,500 | 4,483,157 | 2,243,167,657 | 2,278,095,553 | 1,148 |
| 2017 | 26,711,000 | 1,904,889,700 | 148,849,900 | 412,100 | 167,754,500 | 18,927,600 | 3,528,300 | 2,270,074,100 | 4,483,157 | 2,274,557,257 | 2,302,928,097 | 1,102 |
| 2016 | 26,497,400 | 1,930,542,200 | 140,920,600 | 417,300 | 166,303,300 | 19,404,400 | 3,484,100 | 2,287,569,300 | 4,480,834 | 2,292,050,134 | 2,304,973,550 | 1,070 |
| 2015 | 27,932,300 | 1,947,237,300 | 137,060,600 | 410,900 | 167,902,200 | 20,104,500 | 3,779,000 | 2,304,426,800 | 4,281,431 | 2,308,708,231 | 2,337,146,866 | 1,046 |
| 2014 | 30,005,100 | 1,129,944,200 | 133,765,500 | 407,000 | 166,017,800 | 19,881,600 | 3,807,400 | 2,261,741,200 | 4,310,168 | 2,266,051,368 | 2,318,046,841 | 1,040 |
| 2013 | 30,468,300 | 1,901,969,600 | 131,154,400 | 405,600 | 163,455,700 | 19,672,200 | 3,806,600 | 2,250,632,400 | 5,294,599 | 2,256,136,999 | 2,250,632,400 | 1,017 |

Source: District records Tax list summary and Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

(a): Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(b): Tax rates are per \$100

SOMERSET HILLS SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - BOROUGH OF PEAPACK AND GLADSTONE
 LAST TEN FISCAL YEARS
 UNAUDITED

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Q-Farm | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities (a) | Net Valuation Taxable | Est. Actual (County Equalized Value) | Total Direct School Tax Rate (b) |
|----------------------------|---------------|----------------|---------------|------------|----------------|--------------|--------------|----------------------|----------------------|-----------------------|--------------------------------------|----------------------------------|
| 2022 | \$ 17,387,100 | \$ 537,159,500 | \$ 91,093,900 | \$ 551,700 | \$ 125,387,900 | \$ 6,280,000 | \$ 7,280,000 | \$ 785,120,100 | \$ | \$ 785,120,100 | \$ 781,369,526 | \$ 0.860 |
| 2021 | 14,536,100 | 513,949,400 | 87,938,500 | 551,270 | 123,120,400 | 6,240,000 | 7,036,400 | 753,372,070 | | 753,372,070 | 746,430,269 | 0.885 |
| 2020 | 8,775,100 | 504,589,900 | 87,783,900 | 534,770 | 122,485,500 | 6,240,000 | 6,918,400 | 737,337,570 | | 737,337,570 | 745,689,290 | 0.898 |
| 2019 | 8,993,200 | 507,084,600 | 88,830,200 | 533,835 | 122,599,200 | 6,200,000 | 6,435,700 | 740,676,735 | | 740,676,735 | 739,419,721 | 0.888 |
| 2018 | 9,678,400 | 496,158,200 | 89,227,498 | 501,137 | 123,025,100 | 6,200,000 | 5,948,500 | 730,738,835 | | 730,738,835 | 732,643,709 | 0.897 |
| 2017 | 11,124,300 | 490,976,400 | 91,599,500 | 501,137 | 122,755,800 | 6,200,000 | 5,948,500 | 729,105,637 | | 729,105,637 | 729,974,456 | 0.910 |
| 2016 | 12,488,500 | 483,078,900 | 89,067,000 | 497,687 | 119,877,800 | 6,200,000 | 5,861,400 | 717,071,287 | | 717,071,287 | 729,974,456 | 0.925 |
| 2015 | 12,672,200 | 470,962,100 | 87,476,200 | 488,577 | 120,940,500 | 6,200,000 | 5,781,000 | 704,520,577 | | 704,520,577 | 717,254,747 | 0.916 |
| 2014 | 13,109,600 | 452,536,600 | 84,478,600 | 489,687 | 123,126,700 | 6,200,000 | 5,610,700 | 685,552,087 | | 685,552,087 | 705,290,742 | 0.931 |
| 2013 | 11,869,800 | 441,885,300 | 81,210,500 | 500,622 | 123,552,600 | 6,200,000 | 5,510,700 | 670,749,522 | | 670,749,522 | 707,840,357 | 0.944 |

Source: District records Tax list summary and Municipal Tax Assessor
 Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
 Reassessment occurs when ordered by the County Board of Taxation
 (a): Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
 (b): Tax rates are per \$100

SOMERSET HILLS SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - BOROUGH OF FAR HILLS
LAST TEN FISCAL YEARS
UNAUDITED

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Q-Farm | Commercial | Apartment | Total Assessed Value | Public Utilities (a) | Net Valuation Taxable | Est. Actual (County Equalized Value) | Total Direct School Tax Rate (b) |
|----------------------------|--------------|----------------|----------------|------------|---------------|--------------|----------------------|----------------------|-----------------------|--------------------------------------|----------------------------------|
| 2022 | \$ 2,624,000 | \$ 259,813,900 | \$ 134,966,900 | \$ 479,200 | \$ 31,247,000 | \$ 2,881,000 | \$ 432,012,000 | \$ 442,500 | \$ 432,454,500 | \$ 427,965,508 | \$ 0.438 |
| 2021 | 2,543,000 | 252,800,700 | 130,903,800 | 477,420 | 28,427,400 | 2,719,200 | 417,871,520 | 424,228 | 418,295,748 | 417,586,572 | 0.442 |
| 2020 | 2,531,200 | 253,782,600 | 130,899,100 | 478,320 | 28,933,300 | 2,657,800 | 419,282,320 | 421,317 | 419,703,637 | 423,725,022 | 0.455 |
| 2019 | 2,700,400 | 262,353,200 | 136,301,800 | 473,720 | 28,632,499 | 2,652,400 | 433,114,019 | 415,140 | 433,529,159 | 432,233,703 | 0.464 |
| 2018 | 3,302,500 | 273,550,100 | 128,663,360 | 420,140 | 28,610,400 | 3,068,400 | 437,614,920 | 415,140 | 438,030,060 | 447,502,900 | 0.454 |
| 2017 | 5,067,500 | 278,901,700 | 134,195,200 | 420,140 | 28,742,900 | 3,099,700 | 450,427,140 | 415,140 | 450,842,280 | 447,502,900 | 0.425 |
| 2016 | 5,294,300 | 281,403,400 | 130,496,000 | 419,040 | 28,365,300 | 3,069,900 | 449,047,940 | 409,346 | 449,457,286 | 442,435,593 | 0.422 |
| 2015 | 6,190,800 | 276,938,100 | 129,868,000 | 415,900 | 28,053,000 | 3,171,000 | 444,636,800 | 406,763 | 445,043,563 | 440,234,691 | 0.423 |
| 2014 | 6,536,700 | 272,925,600 | 123,564,500 | 413,100 | 27,895,100 | 3,137,900 | 434,472,900 | 406,763 | 434,879,663 | 437,856,821 | 0.422 |
| 2013 | 5,655,700 | 266,527,300 | 120,489,600 | 432,250 | 27,605,660 | 3,091,800 | 423,602,310 | 501,983 | 424,304,293 | 423,802,310 | 0.429 |

Source: District records Tax list summary and Municipal Tax Assessor
 Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
 Reassessment occurs when ordered by the County Board of Taxation
 (a): Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
 (b): Tax rates are per \$100
 *Information not available

SOMERSET HILLS SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED

Borough of Bernardsville

| Fiscal Year Ended December 31, | Direct School Rate | | | Overlapping Rates | | Total Direct and Overlapping Tax Rate |
|--------------------------------------|--------------------|---|------------------------------------|-----------------------------|--------------------|---|
| | Basic Rate (a) | General Obligation Debt Service (b) | Total Direct School Tax Rate | Borough of Bernardsville | Somerset County | |
| 2022 | 1.091 | 0.103 | 1.194 | 0.526 | 0.336 | 2.056 |
| 2021 | 1.119 | 0.103 | 1.222 | 0.526 | 0.350 | 2.098 |
| 2020 | 1.115 | 0.110 | 1.225 | 0.524 | 0.355 | 2.104 |
| 2019 | 1.064 | 0.115 | 1.179 | 0.503 | 0.356 | 2.038 |
| 2018 | 1.044 | 0.104 | 1.148 | 0.488 | 0.355 | 1.991 |
| 2017 | 0.995 | 0.107 | 1.102 | 0.469 | 0.356 | 1.927 |
| 2016 | 0.966 | 0.104 | 1.070 | 0.453 | 0.353 | 1.876 |
| 2015 | 0.941 | 0.105 | 1.046 | 0.437 | 0.354 | 1.837 |
| 2014 | 0.935 | 0.105 | 1.040 | 0.433 | 0.356 | 1.829 |
| 2013 | 0.910 | 0.107 | 1.017 | 0.421 | 0.351 | 1.789 |

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable

(b) Rates for debt service are based on each year's requirements.

SOMERSET HILLS SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED

Borough of Peapack & Gladstone

| Fiscal Year Ended December 31, | Direct School Rate | | | Overlapping Rates | | Total Direct and Overlapping Tax Rate |
|--------------------------------------|--------------------|---|------------------------------------|--------------------------------------|--------------------|---|
| | Basic Rate (a) | General Obligation Debt Service (b) | Total Direct School Tax Rate | Borough of Peapack & Gladstone | Somerset County | |
| 2022 | 0.786 | 0.074 | 0.860 | 0.596 | 0.382 | 1.838 |
| 2021 | 0.811 | 0.074 | 0.885 | 0.595 | 0.393 | 1.873 |
| 2020 | 0.817 | 0.081 | 0.898 | 0.580 | 0.401 | 1.879 |
| 2019 | 0.801 | 0.087 | 0.888 | 0.581 | 0.401 | 1.870 |
| 2018 | 0.816 | 0.081 | 0.897 | 0.584 | 0.397 | 1.878 |
| 2017 | 0.821 | 0.089 | 0.910 | 0.588 | 0.404 | 1.902 |
| 2016 | 0.835 | 0.090 | 0.925 | 0.588 | 0.406 | 1.919 |
| 2015 | 0.824 | 0.092 | 0.916 | 0.567 | 0.402 | 1.885 |
| 2014 | 0.837 | 0.094 | 0.931 | 0.566 | 0.403 | 1.900 |
| 2013 | 0.845 | 0.099 | 0.944 | 0.556 | 0.401 | 1.901 |

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable

(b) Rates for debt service are based on each year's requirements.

*Information not available

SOMERSET HILLS SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED

Borough of Far Hills

| Fiscal Year Ended <u>December 31.</u> | Direct School Rate | | | Overlapping Rates | | Total Direct and Overlapping Tax Rate |
|---|-----------------------|--|---|---------------------------------|----------------------------|---|
| | <u>Basic Rate (a)</u> | <u>General Obligation Debt Service (b)</u> | <u>Total Direct School Tax Rate</u> | <u>Borough of Far Hills</u> | <u>Somerset County</u> | |
| 2022 | 0.400 | 0.038 | 0.438 | 0.553 | 0.336 | 1.327 |
| 2021 | 0.405 | 0.037 | 0.442 | 0.554 | 0.349 | 1.345 |
| 2020 | 0.414 | 0.041 | 0.455 | 0.549 | 0.353 | 1.357 |
| 2019 | 0.419 | 0.045 | 0.464 | 0.541 | 0.352 | 1.357 |
| 2018 | 0.413 | 0.041 | 0.454 | 0.529 | 0.361 | 1.344 |
| 2017 | 0.384 | 0.041 | 0.425 | 0.527 | 0.356 | 1.308 |
| 2016 | 0.381 | 0.041 | 0.422 | 0.529 | 0.349 | 1.300 |
| 2015 | 0.380 | 0.043 | 0.423 | 0.530 | 0.351 | 1.304 |
| 2014 | 0.379 | 0.043 | 0.422 | 0.529 | 0.352 | 1.303 |
| 2013 | * | * | 0.417 | 0.519 | 0.349 | 1.285 |

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable

(b) Rates for debt service are based on each year's requirements.

*Information not available

SOMERSET HILLS SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND NINE YEARS AGO
BOROUGH OF BERNARDSVILLE
UNAUDITED

| Taxpayer | 2022 | | 2013 | |
|--|-------------------------------|--|------------------------------|--|
| | Taxable Assessed Value | % of Total District Net Assessed Value | Taxable Assessed Value | % of Total District Net Assessed Value |
| Bernardsville Centre LLC | \$16,788,000.00 | 0.75% | \$15,104,300.00 | 0.67% |
| Mine Mount Land Co. Individual Taxpayer | 10,340,000.00 8,646,200.00 | 0.46% 0.38% | 10,020,000.00 | 0.44% |
| Falcon Crest 21 LLC Individual Taxpayer | 8,409,100.00 7,157,300.00 | 0.37% 0.32% | 8,795,400.00 7,845,200.00 | 0.39% 0.35% |
| Upton Pynes RE LLC B'Ville Storage, LLC | 7,143,500.00 6,697,800.00 | 0.32% 0.30% | | |
| Palm Family Farm LLC Individual Taxpayer | 6,315,800.00 6,295,300.00 | 0.28% 0.28% | 7,449,300.00 8,545,900.00 | 0.33% 0.38% |
| Isabella Jazz LLC Denholts DBA Thomson Reuters Tx Svc | 5,975,200.00 | 0.27% | 6,389,400.00 | 0.28% |
| Berns Realty Company Individual Taxpayer | | | 6,399,900.00 | 0.28% |
| Individual Taxpayer Verizon-NJ | | | 6,265,200.00 5,294,599.00 | 0.28% 0.23% |
| Total | \$83,768,200.00 | 3.72% | \$82,109,199.00 | 3.64% |

Source: Municipal Tax Assessor

SOMERSET HILLS SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND NINE YEARS AGO
BOROUGH OF PEAPACK & GLADSTONE
UNAUDITED

| | 2022 | | 2013 | |
|---------------------------------------|-------------------------------|---|-------------------------------|---|
| | <u>Taxable Assessed Value</u> | <u>% of Total District Net Assessed Value</u> | <u>Taxable Assessed Value</u> | <u>% of Total District Net Assessed Value</u> |
| Pharmacia & Upjohn | \$82,689,400.00 | 10.98% | \$90,423,162.00 | 13.48% |
| Natrar Residential Development Group | 19,385,500.00 | 2.57% | | |
| Somerset County Improvement Authority | | | 11,733,800.00 | 1.75% |
| Jessica Associates | 7,118,900.00 | 0.94% | 8,285,000.00 | 1.24% |
| Komline - Sanderson Engineering Corp. | 6,643,300.00 | 0.88% | 6,689,400.00 | 1.00% |
| Ferris Corp. | 5,844,700.00 | 0.78% | 5,814,800.00 | 0.87% |
| M.E. Gladstone Proper LLC | 4,613,200.00 | 0.61% | 5,765,200.00 | 0.86% |
| Individual Taxpayer | 4,475,700.00 | 0.59% | 3,302,600.00 | 0.49% |
| Blairsdon Hall, LLC | 4,231,500.00 | 0.56% | | |
| Dainess Peapack LLC | 3,998,800.00 | 0.53% | | |
| JJ Investments | 3,998,100.00 | 0.53% | 3,988,250.00 | 0.59% |
| Ellistan Hol C/O Quaterwatch LLC | | | 4,650,000.00 | 0.69% |
| Individual Taxpayer | | | 3,466,650.00 | 0.52% |
| Individual Taxpayer | | | | |
| Total | \$142,999,100.00 | 18.98% | \$144,118,862.00 | 21.49% |

Source: Municipal Tax Assessor

SOMERSET HILLS SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND NINE YEARS AGO
BOROUGH OF FAR HILLS
UNAUDITED

| | 2022 | | 2013 | |
|----------------------------|------------------------|--|------------------------|--|
| | Taxable Assessed Value | % of Total District Net Assessed Value | Taxable Assessed Value | % of Total District Net Assessed Value |
| Individual Taxpayer | \$6,100,000.00 | 1.41% | | |
| M.E Far Hills Proper LLC | 5,975,900.00 | 1.38% | \$7,196,900.00 | 1.70% |
| Farrendale Properties | | | 5,788,000.00 | 1.36% |
| Individual Taxpayer | 5,608,000.00 | 1.29% | 5,783,300.00 | 1.36% |
| Individual Taxpayer | 5,542,300.00 | 1.28% | 5,360,500.00 | 1.26% |
| Individual Taxpayer | 5,534,400.00 | 1.28% | 5,250,400.00 | 1.24% |
| Individual Taxpayer | 5,221,900.00 | 1.20% | 5,209,600.00 | 1.23% |
| Individual Taxpayer | 4,953,200.00 | 1.14% | 5,143,700.00 | 1.21% |
| Individual Taxpayer | 4,808,500.00 | 1.11% | 5,032,000.00 | 1.19% |
| Far Hills Preservation LLC | 4,672,300.00 | 1.08% | | |
| Ripplebrook, LLC | 4,308,600.00 | 0.99% | | |
| Individual Taxpayer | | | 4,815,500.00 | 1.13% |
| Individual Taxpayer | | | 4,573,900.00 | 1.08% |
| Total | \$52,725,100.00 | 12.16% | \$54,153,800.00 | 12.76% |

Source: Municipal Tax Assessor

SOMERSET HILLS SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
BOROUGH OF BERNARDSVILLE
UNAUDITED

| <u>Fiscal Year Ended June 30,</u> | <u>Taxes Levied for the Fiscal Year</u> | <u>Collected within the Fiscal Year of the Levy (a)</u> | | <u>Collections in Subsequent Years</u> |
|-----------------------------------|---|---|---------------------------|--|
| | | <u>Amount</u> | <u>Percentage of Levy</u> | |
| 2022 | \$ 27,862,654.00 | \$ 27,862,654.00 | 100.00% | - |
| 2021 | 27,118,847.00 | 27,118,847.00 | 100.00% | - |
| 2020 | 26,596,912.00 | 26,596,912.00 | 100.00% | - |
| 2019 | 26,128,479.00 | 26,128,479.00 | 100.00% | - |
| 2018 | 25,340,383.00 | 25,340,383.00 | 100.00% | - |
| 2017 | 24,753,731.00 | 24,753,731.00 | 100.00% | - |
| 2016 | 24,300,874.00 | 24,300,874.00 | 100.00% | - |
| 2015 | 23,969,326.00 | 23,969,326.00 | 100.00% | - |
| 2014 | 23,139,418.00 | 23,139,418.00 | 100.00% | - |
| 2013 | 22,735,966.23 | 22,735,966.23 | 100.00% | - |

Source: District records including the Certificate and Report of School Taxes (A4F form)

(a) Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

SOMERSET HILLS SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
BOROUGH OF PEAPACK AND GLADSTONE
UNAUDITED

| <u>Fiscal Year Ended June 30,</u> | <u>Taxes Levied for the Fiscal Year</u> | <u>Collected within the Fiscal Year of the Levy (a)</u> | | <u>Collections in Subsequent Years</u> |
|-----------------------------------|---|---|---------------------------|--|
| | | <u>Amount</u> | <u>Percentage of Levy</u> | |
| 2022 | \$ 6,670,614.96 | \$ 6,670,614.96 | 100.00% | - |
| 2021 | 6,670,057.04 | 6,670,057.04 | 100.00% | - |
| 2020 | 6,566,914.00 | 6,566,914.00 | 100.00% | - |
| 2019 | 6,593,300.00 | 6,593,300.00 | 100.00% | - |
| 2018 | 6,518,731.00 | 6,518,731.00 | 100.00% | - |
| 2017 | 6,742,946.00 | 6,742,946.00 | 100.00% | - |
| 2016 | 6,530,970.00 | 6,530,970.00 | 100.00% | - |
| 2015 | 6,386,069.00 | 6,386,069.00 | 100.00% | - |
| 2014 | 6,377,595.00 | 6,377,595.00 | 100.00% | - |
| 2013 | 6,276,839.44 | 6,276,839.44 | 100.00% | - |

Source: District records including the Certificate and Report of School Taxes (A4F form)

(a) Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

SOMERSET HILLS SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
BOROUGH OF FAR HILLS
UNAUDITED

| <u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u> | <u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u> | <u>Collected within the Fiscal Year of the Levy (a)</u> | | <u>Percentage</u> <u>of Levy</u> | <u>Collections in</u> <u>Subsequent Years</u> |
|---|---|---|--|-------------------------------------|--|
| | | <u>Amount</u> | | | |
| 2022 | \$ 1,868,870 | \$ 1,868,870 | | 100.00% | - |
| 2021 | 1,831,483 | 1,831,483 | | 100.00% | - |
| 2020 | 1,985,393 | 1,985,393 | | 100.00% | - |
| 2019 | 2,039,654 | 2,039,654 | | 100.00% | - |
| 2018 | 1,937,885 | 1,937,885 | | 100.00% | - |
| 2017 | 1,891,145 | 1,891,145 | | 100.00% | - |
| 2016 | 1,901,902 | 1,901,902 | | 100.00% | - |
| 2015 | 1,854,526 | 1,854,526 | | 100.00% | - |
| 2014 | 1,810,438 | 1,810,438 | | 100.00% | - |
| 2013 | 1,559,916 | 1,559,916 | | 100.00% | - |

Source: District records including the Certificate and Report of School Taxes (A4F form)

(a) Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

EXHIBIT "J-10"

SOMERSET HILLS SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

| Fiscal Year Ended <u>June 30,</u> | Governmental Activities | | | Total <u>District</u> | Percentage of Personal <u>Income (a)</u> | <u>Per Capita (a)</u> |
|---|---|--|--|--------------------------|--|-----------------------|
| | General Obligation <u>Bonds (b)</u> | Installment <u>Purchase Contracts</u> | | | | |
| 2022 | \$15,944,000.00 | \$1,137,131.83 | | \$17,081,131.83 | 0.66% | \$1,509.47 |
| 2021 | 19,779,000.00 | 1,371,414.09 | | 21,150,414.09 | 0.53% | 1,914.06 |
| 2020 | 22,214,000.00 | 1,739,142.69 | | 23,953,142.69 | 0.47% | 2,159.11 |
| 2019 | 24,629,000.00 | 1,849,195.30 | | 26,478,195.30 | 0.42% | 2,366.66 |
| 2018 | 27,234,000.00 | 1,930,758.23 | | 29,164,758.23 | 0.36% | 2,569.13 |
| 2017 | 29,449,000.00 | 2,037,297.31 | | 31,486,297.31 | 0.32% | 2,778.77 |
| 2016 | 31,659,000.00 | 2,176,869.71 | | 33,835,869.71 | 0.27% | 2,985.61 |
| 2015 | 27,970,000.00 | 2,459,421.36 | | 30,429,421.36 | 0.29% | 2,698.60 |
| 2014 | 30,040,000.00 | 2,732,742.16 | | 32,772,742.16 | 0.25% | 3,025.27 |
| 2013 | 32,040,000.00 | 3,060,694.33 | | 35,100,694.33 | 0.22% | 3,120.62 |

Source: District ACFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

(a) See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(b) Includes Early Retirement Incentive Plan (ERIP) refunding

SOMERSET HILLS SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

| Fiscal Year Ended <u>June 30,</u> | General Bonded Debt Outstanding | | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value (a) of Property | Per Capita (b) |
|---|---------------------------------|------------|---|---|----------------|
| | General Obligation Bonds | Deductions | | | |
| 2022 | \$ 15,944,000.00 | | \$15,944,000.00 | 0.46% | \$1,408.98 |
| 2021 | 19,779,000.00 | | 19,779,000.00 | 0.58% | 1,789.95 |
| 2020 | 22,214,000.00 | | 22,214,000.00 | 0.66% | 2,002.34 |
| 2019 | 24,629,000.00 | | 24,629,000.00 | 0.72% | 2,201.38 |
| 2018 | 27,234,000.00 | | 27,234,000.00 | 0.80% | 2,399.05 |
| 2017 | 29,449,000.00 | | 29,449,000.00 | 0.85% | 2,598.98 |
| 2016 | 31,659,000.00 | | 31,659,000.00 | 0.92% | 2,793.52 |
| 2015 | 27,970,000.00 | | 27,970,000.00 | 0.83% | 2,480.49 |
| 2014 | 30,040,000.00 | | 30,040,000.00 | 0.89% | 2,773.01 |
| 2013 | 32,040,000.00 | | 32,040,000.00 | 0.96% | 2,848.51 |

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

(a) See Exhibit ACFR J-6 for property tax data.

(b) Population data can be found in Exhibit ACFR J-14.

SOMERSET HILLS SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2021
UNAUDITED

| <u>Governmental Unit</u> | <u>Net Debt</u> | <u>Estimated Percentage Applicable (a)</u> | <u>Estimated Share of Overlapping Debt</u> |
|--|-----------------|--|--|
| Debt repaid with property taxes | | | |
| Borough of Bernardsville | \$15,497,000.00 | 100.00% | \$15,497,000.00 |
| Borough of Peapack Gladstone | 2,929,000.00 | 100.00% | 2,929,000.00 |
| Borough of Far Hills | | 100.00% | |
| Other debt | | | |
| Somerset County | 268,745,719.63 | 5.28% | <u>14,180,137.66</u> |
| Subtotal, overlapping debt | | | \$32,606,137.66 |
| Somerset Hills School District Direct Debt | | | <u>15,944,000.00</u> |
| Total direct and overlapping debt | | | <u><u>\$48,550,137.66</u></u> |

Source: Municipal Chief Financial Officer, County Treasurer's Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**SOMERSET HILLS SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED**

| <u>Year</u> | <u>Population (a)</u> | <u>Personal Income (b)</u> | <u>Per Capita Personal Income (c)</u> | <u>Unemployment Rate (d)</u> | | |
|-------------|-----------------------|----------------------------|---|------------------------------|--------------------------|------------------|
| | | | | <u>Bernardsville</u> | <u>Peapack-Gladstone</u> | <u>Far Hills</u> |
| 2022 | 11,316 | \$1,276,727,700 | \$112,825 | 4.00% | 4.00% | 4.90% |
| 2021 | 11,050 | 1,246,716,250 | 112,825 | 5.50% | 5.60% | 7.50% |
| 2020 | 11,094 | 1,178,116,236 | 112,825 | 2.30% | 2.70% | 2.60% |
| 2019 | 11,188 | 1,080,179,024 | 110,466 | 2.60% | 3.10% | 2.80% |
| 2018 | 11,352 | 1,187,646,240 | 104,620 | 3.30% | 3.20% | 3.80% |
| 2017 | 11,331 | 968,437,908 | 99,189 | 3.10% | 3.30% | 3.20% |
| 2016 | 11,333 | 948,923,423 | 92,514 | 3.40% | 4.20% | 4.00% |
| 2015 | 11,276 | 875,976,060 | 88,447 | 4.00% | 4.90% | 4.40% |
| 2014 | 10,833 | 821,823,879 | 83,429 | 5.40% | 7.20% | 3.50% |
| 2013 | 11,248 | 821,227,728 | 78,451 | 3.30% | 6.30% | 5.70% |

Source:

(a) Population information provided by the NJ Dept. of Labor and Workforce Development.

(b) Personal income has been estimated based upon the municipal population and per capita personal income presented.

(c) Per capita personal income (Somerset County average) estimated based upon the information published by the US Bureau of Economic Analysis.

(d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

EXHIBIT "J-15"

SOMERSET HILLS SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

| <u>Employer</u> | <u>2022</u> | | <u>2013</u> | |
|-----------------|-----------------------|---------------------------------------|-----------------------|---------------------------------------|
| | <u># of Employees</u> | <u>Percentage of Total Employment</u> | <u># of Employees</u> | <u>Percentage of Total Employment</u> |
| (1) | | | | |

Source: Municipal Records

(1) - Data not available

SOMERSET HILLS SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

| Function/Program | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Instruction: | | | | | | | | | | |
| Regular | 144 | 145 | 146 | 146 | 146 | 146 | 147 | 168 | 166 | 164 |
| Special education | 32 | 30 | 30 | 27 | 27 | 27 | 30 | 30 | 29 | 28 |
| Support Services: | | | | | | | | | | |
| Student and instruction related services | 40 | 67 | 67 | 75 | 74 | 73 | 60 | 32 | 31 | 31 |
| General administrative services | 6 | 6 | 5 | 5 | 5 | 5 | 8 | 8 | 8 | 8 |
| School administrative services | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 14 |
| Plant operations and maintenance | 26 | 28 | 27 | 25 | 25 | 25 | 24 | 24 | 24 | 24 |
| Pupil transportation | 10 | 9 | 8 | 7 | 10 | 9 | 6 | 6 | 5 | 4 |
| Central services | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Administration information technology | 4 | 4 | 5 | 5 | 5 | 5 | 3 | 3 | 1 | 1 |
| Total | 280 | 307 | 306 | 308 | 310 | 308 | 296 | 289 | 282 | 277 |

Source: District Personnel Records

SOMERSET HILLS SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

| <u>Fiscal Year</u> | <u>Enrollment</u> | <u>Operating Expenditures (a)</u> | <u>Cost Per Pupil</u> | <u>% Change</u> | <u>Teaching Staff (b)</u> | <u>Pupil/Teacher Ratio</u> | <u>Average Daily Enrollment (c)</u> | <u>Average Daily Attendance (c)</u> | <u>% Change in Average Daily Enrollment</u> | <u>Student Attendance Percentage</u> |
|--------------------|-------------------|-----------------------------------|-----------------------|-----------------|---------------------------|----------------------------|-------------------------------------|-------------------------------------|---|--------------------------------------|
| 2022 | 1,711 | \$ 49,489,799.10 | \$ 28,924.49 | 16.96% | 191 | 9.0 | 1,740 | 1,644 | -1.34% | 94.48% |
| 2021 | 1,828 | 45,206,695.21 | 24,730.14 | 6.18% | 192 | 9.5 | 1,764 | 1,701 | -6.14% | 96.45% |
| 2020 | 1,910 | 44,483,908.27 | 23,290.00 | 1.83% | 201 | 9.5 | 1,879 | 1,819 | -1.62% | 96.81% |
| 2019 | 1,929 | 44,117,441.09 | 22,870.63 | 6.43% | 209 | 9.2 | 1,910 | 1,816 | -1.34% | 95.08% |
| 2018 | 1,966 | 42,245,416.89 | 21,488.00 | 6.08% | 208 | 9.5 | 1,936 | 1,841 | -2.27% | 95.09% |
| 2017 | 1,996 | 40,433,300.05 | 20,257.16 | 3.61% | 203 | 9.9 | 1,981 | 1,948 | -1.54% | 98.33% |
| 2016 | 2,038 | 39,846,194.68 | 19,551.62 | 5.98% | 196 | 10.4 | 2,012 | 1,948 | -1.28% | 96.82% |
| 2015 | 2,074 | 38,263,208.69 | 18,448.99 | 1.58% | 193 | 10.7 | 2,038 | 1,948 | 0.99% | 95.58% |
| 2014 | 2,052 | 37,267,580.57 | 18,161.59 | 2.81% | 193 | 10.6 | 2,018 | 1,935 | 0.20% | 95.89% |
| 2013 | 2,044 | 36,107,867.68 | 17,665.30 | 2.88% | 196 | 10.4 | 2,014 | 1,943 | -0.35% | 96.47% |
| 2012 | 2,052 | 35,232,962.90 | 17,170.06 | -1.01% | 193 | 10.6 | 2,021 | 1,943 | -1.84% | 96.14% |

Sources: District records
 Note: Enrollment based on annual October district count.
 (a) Operating expenditures equal total expenditures less debt service and capital outlay.
 (b) Teaching staff includes only full-time equivalents of certificated staff, obtained from NJ Certified Staff Report.
 (c) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

SOMERSET HILLS SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 UNAUDITED

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| District Buildings | | | | | | | | | | |
| Elementary School(s): | | | | | | | | | | |
| Bedwell (1960) | 83,183 | 83,183 | 83,183 | 83,183 | 83,183 | 83,183 | 83,183 | 83,183 | 83,183 | 83,183 |
| Square Feet | 741 | 741 | 741 | 741 | 741 | 741 | 741 | 741 | 741 | 741 |
| Capacity (students) | 475 | 499 | 564 | 569 | 584 | 597 | 623 | 646 | 640 | 682 |
| Enrollment | | | | | | | | | | |
| Middle School(s): | | | | | | | | | | |
| Bernardsville Middle School (1969) | 81,746 | 81,746 | 81,746 | 81,746 | 81,746 | 81,746 | 81,746 | 81,746 | 81,746 | 81,746 |
| Square Feet | 526 | 526 | 526 | 524 | 524 | 524 | 524 | 524 | 524 | 524 |
| Capacity (students) | 446 | 487 | 526 | 520 | 525 | 542 | 551 | 585 | 585 | 524 |
| Enrollment | | | | | | | | | | |
| High School(s): | | | | | | | | | | |
| Bernards High School (1930) | 252,715 | 252,715 | 252,715 | 252,715 | 252,715 | 252,715 | 252,715 | 252,715 | 252,715 | 252,715 |
| Square Feet | 1,500 | 1,500 | 1,500 | 1,500 | 861 | 861 | 861 | 861 | 861 | 861 |
| Capacity (students) | 790 | 842 | 820 | 863 | 857 | 828 | 837 | 779 | 779 | 808 |
| Enrollment | | | | | | | | | | |
| Administration Building: | | | | | | | | | | |
| Olcott Administration Building | 19,500 | 19,500 | 19,500 | 19,500 | 19,500 | 19,500 | 19,500 | 19,500 | 19,500 | 19,500 |
| Square Feet | | | | | | | | | | |

Number of Buildings at June 30, 2022

- Elementary School = 1
- Middle School = 1
- High School = 1
- Administration = 1

Source: District records
 Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

| School Facilities * Project #(s) | Undistributed expenditures - Required maintenance for school facilities - 11-000-261-XXX | | | | | |
|-------------------------------------|--|--------------------------|-------------------------|-----------------------|--------------------------------|---------------|
| | Total | Olcott Administrative | Bernards High School | Bedwell Elementary | Bernardsville Middle School | |
| 2022 | \$ 1,095,204.94 | \$ 83,715.76 | \$ 534,236.57 | \$ 224,751.48 | \$ | \$ 252,501.13 |
| 2021 | 944,284.82 | 46,734.40 | 509,021.71 | 155,955.15 | | 232,573.56 |
| 2020 | 833,047.93 | 54,821.65 | 430,770.20 | 147,811.47 | | 199,644.61 |
| 2019 | 981,736.64 | 34,494.30 | 483,741.81 | 140,053.98 | | 323,446.55 |
| 2018 | 762,961.98 | 60,718.00 | 438,438.00 | 134,432.00 | | 129,373.98 |
| 2017 | 699,908.68 | 41,043.87 | 398,456.59 | 135,029.69 | | 125,378.53 |
| 2016 | 857,471.11 | 58,555.89 | 492,979.37 | 140,427.49 | | 165,508.36 |
| 2015 | 810,475.27 | 102,407.58 | 459,337.06 | 116,332.46 | | 132,398.17 |
| 2014 | 780,536.24 | 98,624.63 | 442,369.11 | 112,035.13 | | 127,507.37 |
| 2013 | 656,036.13 | 47,696.30 | 396,387.95 | 85,353.08 | | 126,598.80 |

* - School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

SOMERSET HILLS SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2022
UNAUDITED

| | <u>COVERAGE</u> | <u>DEDUCTIBLE</u> |
|--|------------------|-------------------|
| School Package Policy - Utica National Insurance Group | | |
| Blanket Buildings and Contents | 156,726,086 | 5,000 |
| Comprehensive General Liability: | | |
| Per Occurrence | 1,000,000 | |
| Aggregate | 3,000,000 | |
| Employee Benefits Liability: | | |
| Per Occurrence | 1,000,000 | 1,000 |
| Aggregate | 3,000,000 | |
| Boiler and Machinery Insurance | 156,726,086 | 5,000 |
| Employee Dishonesty | 1,000,000 | |
| Money and Securities | 25,000 | 500 |
| Data Processing Coverage | 725,000 | 500 |
| Comprehensive Automobile Liability - Utica National | 1,000,000 | |
| Physical Damage: | | |
| Comprehensive | | 500 |
| Collision | | 1,000 |
| Commercial Umbrella Liability - Utica National | 15,000,000 | 10,000 |
| Public Employees' Performance Bonds- Hanover | | |
| Treasurer of School Monies | 300,000 | |
| Business Administrator | 240,000 | |
| Student Accident Insurance - Zurich | 5,000,000 | |
| School Board Legal Liability - NJSIG | 6,000,000 | 5,000 |
| Workers Compensation - NJSIG | Statutory Limits | |
| Employer's Liability: | | |
| Bodily Injury by Accident-Each Accident | 3,000,000 | |
| Bodily Injury by Disease-Each Employee | 3,000,000 | |
| Bodily Injury by Disease-Aggregate Limit | 3,000,000 | |
| Cyber- Coalition Insurance Solutions | | |
| Network & Information Security Liability | 1,000,000 | 50,000 |
| Cyber Extortion | 1,000,000 | 50,000 |

Source: District Records

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SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@senco.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable President and Members
of the Board of Education
Somerset Hills School District
County of Somerset
Bernardsville, New Jersey 07924

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund of the Somerset Hills School District, County of Somerset, State of New Jersey (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 10, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

SUPLEE, CLOONEY & COMPANY

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

February 10, 2023



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE FINANCIAL ASSISTANCE PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB
CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Somerset Hills School District
County of Somerset
Bernardsville, New Jersey 07924

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Borough of Somerset Hills School District, County of Passaic, State of New Jersey (the "District") compliance with the types of compliance requirements identified as subject to audit in the Federal *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2022. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *New Jersey OMB State Grant Compliance Supplement*. Our responsibilities under those standards, the Uniform Guidance and the New Jersey OMB State Grant Compliance Supplement are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

SUPLEE, CLOONEY & COMPANY

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and the New Jersey OMB State Grant Compliance Supplement will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal or state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and New Jersey OMB State Grant Compliance Supplement, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the New Jersey OMB State Grant Compliance Supplement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the New Jersey OMB State Grant Compliance Supplement. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 962

February 10, 2023

SOMERSET HILLS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| STATE GRANTOR/PROGRAM TITLE | GRANT OR STATE PROJECT NUMBER | AWARD AMOUNT | GRANT PERIOD FROM TO | BALANCE AT JUNE 30, 2021 | | CASH RECEIVED | BUDGETARY EXPENDITURES | ADJUSTMENTS | REFUNDED TO GRANTOR | BALANCE AT JUNE 30, 2022 | | MEMO BUDGETARY RECEIVABLE | CUMULATIVE TOTAL EXPENDITURES |
|--|-------------------------------|--------------|----------------------|--|------------------|---------------|------------------------|----------------|---------------------|--|------------------|---------------------------|-------------------------------|
| | | | | (ACCOUNTS RECEIVABLE) UNEARNED REVENUE | UNEARNED REVENUE | | | | | (ACCOUNTS RECEIVABLE) UNEARNED REVENUE | UNEARNED REVENUE | | |
| State Department of Education | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | |
| State Aid Cluster | | | | | | | | | | | | | |
| Special Education Categorical Aid | 22-495-034-5122-089 | 1,168,530.00 | 07/1/2021 | 36/00/2022 | \$ | 1,003,081.00 | \$ | (1,168,530.00) | \$ | (105,449.00) | \$ | (105,449.00) | \$ |
| Security Aid | 22-495-034-5122-084 | 1,301,196.00 | 07/1/2021 | 36/00/2022 | \$ | 1,181,492.00 | (1,301,196.00) | (117,194.00) | 0.00 | (117,194.00) | (117,194.00) | (117,194.00) | 1,301,196.00 |
| Subtotal - State Aid Cluster | | | | | | | | | | | | | 1,301,196.00 |
| Transportation Aid | 22-495-034-5122-014 | 517,812.00 | 07/1/2021 | 36/00/2022 | \$ | 471,085.00 | (517,812.00) | (46,727.00) | 0.00 | (46,727.00) | (46,727.00) | (46,727.00) | 517,812.00 |
| Special Education | 22-495-034-5122-066 | 1,476,800.00 | 07/1/2021 | 36/00/2022 | \$ | 1,476,800.00 | (1,476,800.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,476,800.00 |
| Non-Public School Transportation Aid | 22-495-034-5122-014 | 84,100.00 | 07/1/2021 | 36/00/2022 | \$ | 87,290.00 | (84,100.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 84,100.00 |
| Non-Public School Transportation Aid | 21-495-034-5122-014 | 87,290.00 | 07/1/2020 | 36/00/2021 | \$ | 87,290.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 87,290.00 |
| Payment for Inst. Children-Unknown District | 22-495-034-5122-005 | 690,327.00 | 07/1/2020 | 36/00/2021 | \$ | 690,327.00 | (690,327.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 690,327.00 |
| Extrordinary Aid | 22-495-034-5122-044 | 735,552.00 | 07/1/2021 | 36/00/2022 | \$ | 6,257,395.00 | (735,552.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6,257,395.00 |
| Non-Contributory Insurance | 22-495-034-5122-044 | 5,257,395.00 | 07/1/2021 | 36/00/2022 | \$ | 5,257,395.00 | (5,257,395.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,257,395.00 |
| On-Behalf TPAF Pension Contributions | 22-495-034-5122-044 | 84,100.00 | 07/1/2021 | 36/00/2022 | \$ | 84,100.00 | (84,100.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 84,100.00 |
| On-Behalf TPAF Non-Contributory Insurance | 22-495-034-5122-044 | 84,100.00 | 07/1/2021 | 36/00/2022 | \$ | 1,482,807.00 | (84,100.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,482,807.00 |
| On-Behalf TPAF Post-Retirement Medical | 22-495-034-5122-044 | 84,100.00 | 07/1/2021 | 36/00/2022 | \$ | 1,482,807.00 | (84,100.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,482,807.00 |
| Reimbursed TPAF Social Security Contribution | 22-495-034-5122-003 | 1,224,724.99 | 07/1/2021 | 36/00/2022 | \$ | 1,174,407.61 | (1,224,724.99) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,224,724.99 |
| Reimbursed TPAF Social Security Contribution | 21-495-034-5122-003 | 1,163,752.21 | 07/1/2020 | 36/00/2021 | \$ | 60,374.41 | (1,163,752.21) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,163,752.21 |
| Total General Fund | | | | | | | | | | | | | 13,720,727.22 |
| Special Revenue Fund: | | | | | | | | | | | | | |
| SDA, Enrollment & Capital Maintenance Needs | 22-100-034-5120-519 | 48,959.00 | 07/1/2021 | 36/00/2022 | \$ | 48,959.00 | (48,959.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 48,959.00 |
| N.J. State Police Aid | | | | | | | | | | | | | |
| Handicapped Services, Chapter 183: | | | | | | | | | | | | | |
| Corrective Speech | 22-100-034-5122-066 | 19,902.00 | 07/1/2021 | 36/00/2022 | \$ | 19,902.00 | (19,902.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 19,902.00 |
| Corrective Speech | 21-100-034-5122-066 | 23,695.00 | 07/1/2020 | 36/00/2021 | \$ | 1,822.00 | 0.00 | 0.04 | 0.00 | 0.00 | 0.00 | 0.00 | 23,695.00 |
| Examination and Classification | 22-100-034-5122-066 | 21,955.00 | 07/1/2021 | 36/00/2022 | \$ | 21,955.00 | (21,955.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 21,955.00 |
| Examination and Classification | 21-100-034-5122-066 | 30,651.00 | 07/1/2020 | 36/00/2021 | \$ | 5,760.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 30,651.00 |
| Supplemental Instruction | 22-100-034-5122-066 | 21,349.00 | 07/1/2021 | 36/00/2022 | \$ | 16,998.00 | (21,349.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 21,349.00 |
| Supplemental Instruction | 21-100-034-5122-066 | 12,330.00 | 07/1/2020 | 36/00/2021 | \$ | 1,230.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 12,330.00 |
| Auxiliary Services Chapter 182: | | | | | | | | | | | | | |
| Compensatory Education | 22-100-034-5122-067 | 18,274.00 | 07/1/2021 | 36/00/2022 | \$ | 18,274.00 | (18,274.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 18,274.00 |
| Compensatory Education | 21-100-034-5122-067 | 41,804.00 | 07/1/2020 | 36/00/2021 | \$ | 36,579.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 41,804.00 |
| Transportation | 22-100-034-5122-068 | 4,124.00 | 07/1/2021 | 36/00/2022 | \$ | 4,124.00 | (4,124.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4,124.00 |
| Transportation | 21-100-034-5122-068 | 8,538.00 | 07/1/2020 | 36/00/2021 | \$ | 5,728.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 8,538.00 |
| Non-Public Tutoring Aid | 22-100-034-5122-064 | 24,169.00 | 07/1/2021 | 36/00/2022 | \$ | 24,169.00 | (24,169.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 24,169.00 |
| Non-Public Tutoring Aid | 21-100-034-5122-064 | 24,169.00 | 07/1/2020 | 36/00/2021 | \$ | 61.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 24,169.00 |
| Non-Public Technology Initiative | 22-100-034-5122-373 | 17,265.00 | 07/1/2021 | 36/00/2022 | \$ | 17,265.00 | (17,265.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17,265.00 |
| Non-Public Technology Initiative | 22-100-034-5122-509 | 71,525.00 | 07/1/2021 | 36/00/2022 | \$ | 71,525.00 | (71,525.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 71,525.00 |
| Non-Public Security Aid | 22-100-034-5122-509 | 67,800.00 | 07/1/2020 | 36/00/2021 | \$ | 4,624.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 67,800.00 |
| Non-Public Security Aid | 21-100-034-5122-509 | 46,032.00 | 07/1/2020 | 36/00/2021 | \$ | 46,032.00 | (46,032.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 46,032.00 |
| Non-Public Nursing Services | 22-100-034-5122-070 | 38,576.00 | 07/1/2021 | 36/00/2022 | \$ | 173.00 | (38,576.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 38,576.00 |
| Non-Public Nursing Services | 21-100-034-5122-070 | 38,576.00 | 07/1/2020 | 36/00/2021 | \$ | 58,018.00 | (38,576.00) | 0.04 | 0.00 | 0.00 | 0.00 | 0.00 | 58,018.00 |
| Debt Service Fund: | | | | | | | | | | | | | |
| Debt Service Aid, Type II | 22-495-034-5122-017 | 166,097.00 | 07/1/2021 | 36/00/2022 | \$ | 166,097.00 | (166,097.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 166,097.00 |
| Enterprise Fund: | | | | | | | | | | | | | |
| State School Lunch Program | 21-100-010-3350-003 | 17,315.22 | 07/1/2020 | 36/00/2021 | \$ | 3,897.69 | (17,315.22) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 17,315.22 |
| State School Lunch Program | 22-100-010-3350-003 | 14,842.29 | 07/1/2021 | 36/00/2022 | \$ | 13,979.71 | (14,842.29) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14,842.29 |
| Total State Financial Assistance | | | | | | | | | | | | | 14,855,957.79 |
| | | | | | | | | | | | | | 14,855,957.79 |

Less: On-Behalf amounts not utilized for determination of Major Programs:
 On-Behalf TPAF pension/contributions
 On-Behalf TPAF non-contributory insurance (non-budgeted)
 On-Behalf TPAF long-term disability insurance
 On-Behalf TPAF post retirement medical (non-budgeted)

Total State Financial Assistance Subject to Single Audit

The accompanying Note to the Financial Statements are an integral part of this statement.

Somerset Hills School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2022

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Somerset Hills School District. The Somerset Hills School District reporting entity is defined in Note 1 to the District's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Federal Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: DE MINIMIS INDIRECT COST RATE

The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

Somerset Hills School District
Somerset County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| | a) Material weakness(es) identified? | No |
| | b) Significant deficiencies that are not considered to be material weaknesses? | No |
| (3) | Noncompliance material to the basic financial statements noted during the audit? | No |

Federal Program(s)

- | | | |
|-----|--|------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | (a) Material weaknesses identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance? | No |
| (4) | Identification of Major Federal Program(s): | |

Program

ALN #

National School Lunch Program
Cluster

10.555

- | | | |
|-----|--|--|
| (5) | Program Threshold Determination: | |
| | Type A Federal Program Threshold > \$750,000.00 | |
| | Type B Federal Program Threshold <= \$750,000.00 | |

Somerset Hills School District
Somerset County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section I – Summary of Auditor’s Results (Continued)

(6) Auditee qualified as a low-risk auditee under OMB Circular Uniform Guidance? Yes

State Program(s)

- (1) Internal Control Over Major State Programs:
- a) Material weakness(es) identified? No
 - b) Significant deficiencies that are not considered to be material weakness(es)? No
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08 and listed in Section III of this schedule? No
- (4) Identification of Major State Program(s):

| <u>Program</u> | <u>Grant Number</u> |
|-----------------------------------|---------------------|
| State Aid Cluster: | |
| Special Education Categorical Aid | 22-495-034-5122-089 |
| Security Aid | 22-495-034-5122-084 |

- (5) Program Threshold Determination:
 Type A State Program Threshold > \$750,000.00
 Type B State Program Threshold <= \$750,000.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular 15-08? Yes

Somerset Hills School District
Somerset County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported

State Programs – None Reported

Somerset Hills School District
Somerset County, New Jersey

Schedule of Prior Year Audit Findings

Not Applicable

